



Daily Report

West Europe

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8 February 1996

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January 1996

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NATO: Solana on Importance of EU-U.S. Defense Links

MS0802103396 London THE DAILY TELEGRAPH
in English 8 Feb 96 p 9

[Report on interview with NATO Secretary General Javier Solana, by Christopher Lockwood, in Brussels; date not given]

[FBIS Transcribed Text] There is a British school of thought that sees Javier Solana as a Trojan horse. As a youthful radical in the latter days of Franco's regime, he and the Spanish Socialist Party campaigned against Spain's membership in Nato.

Now, in one of diplomacy's little ironies, he is running it.

Even though the Spanish Socialists changed tack once in power and campaigned in a referendum for Spain to remain inside Nato, the doubts remain.

Will Mr Solana push the formation of a European "security and defence identity" at the expense of the Atlantic alliance? Will his appointment encourage isolationist Americans to believe their country is no longer needed?

Mr Solana, with all the zeal of a convert, firmly says no and argues that the transatlantic security link is as vital, and as strong, as ever.

"What Bosnia has taught us is that, when the Americans and Europeans work together, problems can be solved. When they don't, it is much more difficult.

"The most responsible European politicians and the most responsible Americans know that the Nato link is absolutely basic, despite any temptation to think otherwise.

"It has been in the past, it is in the present and it will be in the future."

This, more or less, is what France now thinks, too. Since Mr Solana was appointed, President Chirac has in effect reversed the decision 30 years ago of Charles de Gaulle, his predecessor, to quit the military structure of Nato.

Gradually the French are coming back into the fold, attending meetings they used to boycott offering to place their nuclear missiles at the service of Europe and not just of France and, most crucially, placing their troops in Bosnia under the command of Nato.

"France wants there to be a European defence policy that is visible, but they too know that the Nato link is basic," Mr Solana says.

"France has come to the conclusion, and it is a good conclusion, that a European defence policy can be constructed only within Nato."

Mr Solana's own transatlantic credentials are good. In his previous job as Spain's foreign minister, he organised and hosted first EU-US summit last December in Madrid.

The talks embraced security issues as well as trade.

Coming with a handsome salary, undisclosed but reckoned to be pushing 200,000 pounds a year, a grand house on the grande street of Brussels and the ear presidents and generals, to be secretary-general of Nato is to inhabit one of the better compartments on the international gravy train. But it has also become one of the most arduous. Javier Solana scooped up the job last December after the departure of Willy Claes, mired in a complex Belgian corruption scandal.

Within days, he was presiding over Nato's deployment into Bosnia, in the first land-based operation that alliance has undertaken in its 47-year history.

Ifor, the peace implementation force, will soon reach its maximum strength of 60,000 men. Mr Solana thinks the Ifor deployment is a good model for the sort of more flexible Nato we will see in the future.

"Ifor is a very fine thing, a real coalition for peace," he says. "It's led by Nato, but under Nato command are countries that want to be but are not yet in Nato, as well as some countries that will never be in Nato. We are doing something operationally that was unthinkable a few years ago."

This new flexibility will be tested when Ifor's mandate runs out at the end of the year, when American troops will quit.

One of Mr Solana's key tasks in London is to establish whether British troops might participate in a Nato-led scaled-down successor to it.

Mr Solana's other great headache is Russia. Russian troops are serving in Bosnia, effectively under Nato command, though a delicately crafted diplomatic fudge allows them to claim that they are there independently.

That ought to bode well for the future, but, with Russia's presidential election looming the rhetoric is increasingly gloomy.

Last weekend the Russians again renewed their opposition to Nato's plans to extend membership to the eastern Europeans and warned that it might affect Russian compliance with the Conventional Forces in Europe treaty. This is on the point of approval by the American Congress, but stalled in the Russian Duma.

Mr Solana is off to Moscow in March, but he insists that enlargement is non-negotiable. "We have to tell them very clearly that the decision to enlarge Nato has been taken. Russia does not have a veto over that," he says.

EU's Monti: FRG 'Poor' on Common Market Guidelines

AU0702181196 *Duesseldorf HANDELSBLATT in German* 7 Feb 96 p 6

[Report by "wff": "Bonn Almost at the Bottom of the League Regarding the Common Market"]

[FBIS Translated Text] Brussels — According to the EU Commission, the FRG is still cutting a poor figure when it comes to developing the European internal market. According to the responsible Italian commissioner, Mario Monti, who is starting a 3-day visit to Germany today, Germany is almost last among the 15 EU member states in implementing the common market guidelines. At the same time, Monti announced that the Commission is considering new taxation policy ideas.

Talking to German journalists, the Brussels internal market commissioner pointed out that, over the past year, Germany had increased the extent to which national legislation conforms to EU common market guidelines from 85 percent to 89 percent. Despite this improvement, the FRG is still just ahead of Austria, which ranks bottom. The greatest problems seem to lie in the awarding of public contracts, an area in which Brussels has already filed a complaint regarding the failure to conform to an EU guideline with the European Court.

The same applies to freedom of movement. The European Court is dealing with two cases. In a further case, Brussels has already presented an official position, which is the stage prior to the filing of a complaint. A further example is the continuing failure to recognize qualifications for admission to the teaching profession because of delays in three Länder.

In the case of technical obstacles to trade, the FRG is already creating major problems. Last year, 54 breach-of-contract complaints were filed against Germany. That amounts to 25 percent of all such cases. A further 60 cases are being examined in areas such as pharmaceuticals, foodstuffs, pesticides, and consumer goods.

Monti also said that Germany had a poor record regarding the introduction of new technical regulations. This is also an area in which the country is far behind the rest. The EU commissioner said he wished that German would be as exemplary in developing the internal market as it has been in spreading its economy policy philosophy of open markets and stability among EU partners.

The extent to which the EU harmonization of taxes has stagnated is something that Monti also sees as one of the greatest obstacles to a internal market while such moves are acquiring an increasing importance for

EMU. He announced that the commission would present an analysis of taxes and social welfare levies at the informal meeting of finance ministers scheduled to take place in Verona on 13 and 14 April. He added that the EU VAT system called for by Germany — a system based on taxation in the country of origin — would no longer come about by the end as had been originally planned. Monti argued in favor of the governmental Maastricht review conference proceeding on the basis of the principle of unanimity regarding taxation questions.

The internal market commissioner will hold meetings in Bonn with several ministers, including Theo Waigel and Klaus Kinkel, as well as with the Bundestag European Affairs Commission.

EU: Supports Austrian Plan for Human Rights Meeting

AU0202140996 *Vienna DIE PRESSE in German* 2 Feb 96 p 5

[Report by Doris Kraus: "Positive Response to Austrian Initiative for Bosnia"]

[FBIS Translated Text] Brussels — There seems to be far-reaching support for the Austrian proposal of holding a special conference on the situation of human rights in Bosnia-Herzegovina. The idea of the round-table, which Foreign Minister Schuessel presented to his colleagues from the other EU member countries at the beginning of this week, is also welcomed by the OSCE [Organization for Security and Cooperation in Europe], by Carl Bildt, the high representative for Bosnia-Herzegovina, by the United Nations, and by the European Commission. In particular, the activities of the many parties and institutions involved in the peace process should be coordinated there. Wolfgang Schuessel suggest as a date either 26-27 February or 4-5 March. The venue of the meeting is not yet certain, but Austrian circles would naturally prefer Vienna.

The conference is supposed to identify the most important needs for action in the sphere of human rights, discuss efficient countermeasures and control instruments, and tackle the problems regarding reestablishing a constitutional state with particular consideration for minorities. Whether it will, however — as suggested by an Austrian paper — be possible to completely leave out the issue of past human rights violations is rather doubtful.

In addition to the countries that were present at the signing of the Dayton peace agreement, participants in this conference are to be, among others, representatives of the United Nations, the Council of Europe, the OSCE, the International Red Cross, the international War Crimes Tribunal, and non-governmental organizations.

Belgium

Belgium: Interior Minister on Drugs, Asylum Seekers

BR0702162996 Brussels LA LIBRE BELGIQUE
in French 7 Feb 96 p 9

[Interview with Belgian Interior Minister Johan Vande Lanotte by unidentified correspondent; place and date not given: "Johan Vande Lanotte: Words and Actions — 'The Legislator Must Say No to Drugs'" — first three paragraphs are LA LIBRE BELGIQUE introduction]

[FBIS Translated Excerpt] In an interview with LA LIBRE BELGIQUE, Belgian Interior Minister Johan Vande Lanotte sets out the guiding principles of his drug and asylum policies. This comes at a time when a group of MP's are commencing a parliamentary study into the drug question, and after the parliamentary Interior Affairs Committee on Tuesday [6 February] began an examination of his bill to amend the law of 15 December 1980 on the access to the territory, residence, establishment, and expulsion of foreigners.

On the subject of asylum policy, the minister wants to see a fair and rapid procedure and expulsion without concessions for "undesirables." He does not see excessive tolerance as humanist but, on the contrary, as "neo-liberal."

Johan Vande Lanotte is against the legalizing of soft drugs, but does favor decriminalization.

Saying Different Things

[LA LIBRE BELGIQUE] Have you noticed any increase in drug trafficking in Belgium since the borders were opened up?

[Vande Lanotte] No, I do not believe borders ever posed any real problem for drug trafficking, unlike what the French say. Drug shipments have always succeeded in entering through the ports of Marseille, Dunkirk, and Antwerp.

[LA LIBRE BELGIQUE] Do you believe the cooperation between Belgium and neighboring countries which have quite different approaches to drugs has been effective?

[Vande Lanotte] It is clearly not functioning as it should be for the moment. But this is possible! Apart from the Amsterdam coffee shops, the difference between France, the Netherlands and Belgium is more in what people say than in what they actually do. The drug debate in Europe shows differences of opinion, but although the policy options and major symbols are not the same, I see that, in the field, everybody is doing the same thing: prevention, assuming responsibility,

increasing awareness among young people so that they know how to say no.... [passage omitted]

[LA LIBRE BELGIQUE] Must the parliamentary working party on drugs come up with legislative proposals?

[Vande Lanotte] I do not believe the working party intends to slow down present discussions on treatment with methadone and the distribution of sterile syringes.

[LA LIBRE BELGIQUE] Do we need new legislation?

[Vande Lanotte] It could be the occasion to envisage the obligation to justify one's assets, an idea which is gaining ground at European level. This means that if a judge or policeman notes that somebody who does not have legal employment possesses vast sums of money, he can ask him where it came from. If he is unable to prove the origin, then it must be possible to seize it. The judiciary authority would no longer be required to show that it is a particular sale of drugs which has earned the 2 million Belgian francs invested in a big car for example. It would be like in Italy. The European Court of Human Rights has already said on two occasions that this is a good system. This method intended to combat people who earn money through drugs and organized crime is one of the 10 points in the government plan.

[LA LIBRE BELGIQUE] Should we legalize soft drugs?

[Vande Lanotte] I am convinced that the parliamentary working party will not recommend such a step. I favor decriminalization, but the law must retain the prohibition. A society which wants the people to be free must take a stand against all forms of subjugation, and must therefore say "no" to drugs. The legislator must give young people and parents principles and signals.

[LA LIBRE BELGIQUE] What do you do with those who do not respect these standards?

[Vande Lanotte] Reactions must be very finely shaded. We are not going to put a young guy in prison because he smokes the occasional joint. It would already be more worrying if it was an adolescent of 15. If it is someone who commits petty crime, we would apply alternative penalties; if he re-offends, then prison may be the answer. If he is in a clear state of dependency we will then say: You must get treatment or we will have to punish you. There are a range of responses, but we respond. We are not closing our eyes and we are not saying that we accept the situation. In the Netherlands the experience of coffee shops has increased the use of soft drugs. I do not want to give this signal. If I was convinced this would have an impact on the level of crime, we could consider it. But where is the criminality in the area of soft drugs where there is no price problem?

If hashish consumers have a criminal attitude, they already had this before they started smoking.

[LA LIBRE BELGIQUE] But the drug circuit is linked to the criminal circuit... Would not the legalization of soft drugs avoid thousands of young people from coming into contact with the circles of organized crime?

[Vande Lanotte] If we legalize drug use, distribution and production will not be legal. Take the example of prostitution: It is legal, but does that mean that organized crime is not involved? No, because it remains an interesting "product" just like soft drugs which, whether legalized or not, are still a way of attracting young people and of slowly subjugating them. And at that time, prices and conditions are imposed. In the coffee shops in the Netherlands, hard drugs are sold under the counter....

Why? Because they have the market and they want to keep it. Where do people try and sell soft drugs? Not at the university but outside the schools, to young people of 14 or 15, because soft drugs are a necessary step, even if not an automatic one, to hard drugs. We cannot stop organized crime from being involved in drugs, not unless we decided to legalize all drugs and the complete circuit. But the government would then become an autonomous public enterprise involved in the production, distribution and sale of drugs. That is not possible from an ethical point of view.

"We Want To Control Migratory Flows"

[LA LIBRE BELGIQUE] Your bill to amend the law of 15 December on the access to the territory, residence, establishment and expulsion of foreigners is controversial. What is the general philosophy?

[Vande Lanotte] We want to control migratory flows. In the area of asylum, we want to speed up procedures. If the government is unable to guarantee a procedure within a respectable time frame, it should regularize the situation of political asylum-seekers. Also, when a negative decision is taken within a reasonable period, the asylum-seekers must then actually be expelled from the country.

If the application is accepted, we must then help the individual; if it is refused, he or she must leave the country. This is a fundamental choice. Opening up borders, showing laxity, all this inevitably leads to the exploitation of the exiles. If we accept this option, we find ourselves in a kind of savage neo-liberalism. It is the American model, very tolerant on immigration, but totally indifferent to the fate of those who "die in the street."

The social-democratic model rests on other bases. We control people who want to reside in the country. Once they are then given this possibility, the government must then give them social protection and rights. On the other hand, if the decision is negative, we must develop a genuine expulsion policy, which must remain humane. This is obviously a sensitive issue. Last year 6,000 foreigners left Belgium, 500 of them had to be escorted by the Gendarmerie. These are victims more than anything else and we must take this into account.

Some cases are particularly painful; I am speaking here of unaccompanied minors. About 300 of them arrive here every year. Should we accept them without restrictions? If we do that, their numbers will dramatically increase. If we expel them, we are then punishing them severely. What we want to do is break the chain. If we send them back then we are careful to take every precaution. It is a difficult case of striking the right balance.

[LA LIBRE BELGIQUE] Are you setting an expulsion quota?

[Vande Lanotte] If we want to remain credible and if we provide the necessary resources, we should be able to achieve 15,000 expulsions within three or four years. This is one figure. There are others. As regards naturalization, the aim is to be able to reach a decision within three months; as regards asylum, the examination of admissibility should not last longer than two and a half months; the decision on the substance, which sometimes takes five years at present, should be down to three years by 1997.

In a normal discussion with an authority, it is the politicians who must set objectives and provide the means to achieve them, it is up to the authority to carry out instructions on the basis of a management contract.

And Parliament will be informed of all agreements concluded with the authority. [passage omitted]

[LA LIBRE BELGIQUE] Must we still keep to the Geneva Convention and its definition of an asylum-seeker? Should we not take other factors into account and extend the notion to include "economic refugees"?

[Vande Lanotte] I see that the UNHCR is asking for the definition not to be extended as this could bring the risk of no longer wanting to accept the victims of persecution. I do not believe that the answer to economic distortion lies in the mass acceptance of "economic" refugees, especially as we will only receive the professional elite of these countries. Those are the people who will come, those are the people we will be accepting, implementing a disastrous process of selection. It would inevitably have a negative effect.

What we must do is develop cooperation. Unfortunately this is not a very popular idea. I am very clear: If the measures we are taking at present allow us to make savings worth a billion, I would be the first to recommend that this billion be spent on cooperation.

Netherlands

Netherlands: Commission Issues Report on Police Methods

BR0502151196 Rotterdam ALGEMEEN DAGBLAD in Dutch 2 Feb 96 pp 1, 3

[Unattributed article: "Clean Sweep Through Justice Administration"]

[FBIS Translated Text] There must be a clean sweep "from top to bottom" of the Public Prosecutor's Office. Civil servants responsible for the failure to exercise control over methods of investigation must be dismissed and all methods employed must in future have a sound legal basis.

Political parties, leading figures in police and judicial circles, and other commentators yesterday all welcomed the final report by the [parliamentary] commission of inquiry into methods of investigation as "hard-hitting" but also as "thorough." The commission spares no one, but stops short of any specific recommendations at an individual level. Commission chairman Van Traa: "It is perfectly clear that the departure of a procurator general does not solve all the problems. But we are not crisis managers. It is not our job to say who should be doing something else." The commission believes that this is up to those with "political responsibility."

The position of Justice Minister Sorgdrager does not seem to be in danger, judging by initial reactions. The commission itself saw no reason to comment on her personally. Van Traa: "If that had not been the case we would have acted otherwise." He added: "We have supplied the facts and recommendations. It is Parliament's job to judge."

The commission sees no reason to doubt her claim that as procurator general she knew nothing about the "controlled supply" of drugs. Police chief Blok of the Hague stated under oath that he had told her about this. His statement was not called into question by the commission either.

The commission notes "a deep crisis" in the police and judiciary due to the use of unorthodox methods of investigation, such as placing drugs on the market in order to allow police informers to penetrate criminal circles.

Procurators general, public prosecutors, police chiefs, justice and interior ministers, and MP's all failed to

provide leadership in the area of investigations and control over the methods employed.

Van Traa: "There were too many infringements of the golden rule: no powers without responsibility, and no responsibility without accountability." He warned that the fight against crime must not degenerate into "catch as catch can." "Because that undermines the authorities."

The fight against organized crime went astray due to the lack of legislation and jurisprudence. There was also the question of the "irresponsible lack of knowledge" of the methods used. "Irresponsible from the point of view of the state of law and irresponsible from the point of view of sound control. The authorities failed here."

On her very first day as justice minister, Sorgdrager approved the "exorbitant sum" of 2 million guilders in order to pay off an informer. She also at first misinformed Parliament on the involvement of the police and Justice Ministry in a large ecstasy consignment for England. She later corrected the "incomplete" information she had received from her civil servants.

Warning for Senior Officials at Public Prosecutor's Office

In the final report, the commission issues a warning aimed primarily at senior members of the Public Prosecutor's Office: "Following the IRT [Inter-Regional Investigation Team] affair, the prosecutors general (Sorgdrager was one at the time, ed.) failed to fully assume their responsibility. They should have obtained more detailed information. This applies in particular to Procurator General Gonsalves."

Van Traa wants to make the big clean out at the Public Prosecutor's Office by implementing Sorgdrager's reorganization plans. These must ensure that senior police officers do not again fail to inform their superiors about unorthodox police activities, and prevent a lack of control and the consequent "breakdown of authority" between the Public Prosecutor's Office and the police.

The commission also made certain comments aimed specifically at the police commissioners. They were partly to blame for the investigation methods used, but failed to find out exactly what was going on. The police chiefs in Haarlem, Amsterdam and Utrecht refused to accept the formal authority of the Public Prosecutor's Office. Van Traa: "The ministers and police commanders must take account of these failings in their personnel and appointment policy. Both the present and a new generation of police chiefs must comply with authority and must be ready to cooperate."

Van Traa does not see the conclusions as a "rehabilitation" for the Amsterdam police. Chief Commissioner

Netherlands has already said that the IRT investigation methods could not be defended. Van Traa and the 1996 mission agree. Mistakes were also made in Amsterdam. We are not here to rescue anyone's honor.

Conclusions and Recommendations

Unlike the Wieringa Commission (on the IRT affair) the Van Traa Commission describes the policy of permitting the passage of large drugs consignments as irresponsible. The police were taken hostage by the criminals. Only a small test consignment of a small quantity of drugs is acceptable.

It is permissible to infiltrate crime organizations, but this must be done solely by police officers and not criminals. Also, infiltration officers may be convicted. Legislation is needed in the area of infiltration.

Investigation methods in the pre-arrest stage, when there is only a suspicion of a criminal offense, must also be a legal issue. Interference in private life is obtained through officers' men, trapping, and infiltration must be included in the report on the methods used, so that the judge can assess these in public.

Unethical investigation methods must receive authorization from the judges, commissioners and prosecutors general. In this way the commission wants to better protect the rights of citizens and the head of the Public Prosecutor's Office will once again be kept informed of the investigation methods which are being used.

Netherlands criminal law has no place for the witness for the crown. There can be no plea bargaining for criminals who testify.

Deals with criminals are only permitted as a last resort against organized crime or in cases of life and death. The information must be essential for the investigation and for submitting proof in court.

The organization of the investigation must be clearly described, including details of who bears responsibility.

The number of public prosecutors must be increased from the present 440.

The justice minister must exercise firm control over the Public Prosecutor's Office and bears political responsibility at all times for the actions of the Public Prosecutor's Office and the investigation methods used.

Netherlands: Kok, Cabinet 'Solidarity' on Policy Report

Rechtspraak 16/196. *Rechtspraak Algemene Wetgeving* 16/196. *Rechtspraak* 16/196. *Rechtspraak* 16/196.

(Unpublished) 16/196. *Rechtspraak* 16/196.

(This Translated Text) The government is happy to meet Justice Minister Sargbrater. Prime Minister Kok stated that receiving solidarity in the field will allow administration in the field to represent the will of parliament. We are doing it together with government policy. That is clear to everyone," said Kok.

The prime minister reached agreement, together with Sargbrater and Justice Minister Kok, on findings of the commission of inquiry into the investigation practices. Kok: "The government is clearly not in a position where there is a great deal of moral weakness. There was never a question of any doubts. The Justice and Foreign Ministers are the most directly affected but I will also be involved in the best possible way. It is one of the responsibilities of government to look at the situation."

Sargbrater made it clear that he had been surprised to see cabinet colleagues for a while of criminality in implementing the findings of the Van Traa Commission, but that they had given this "exception" of their own initiative. As to the question of whether Sargbrater in the right manner in the right of Kok's report. The answer is yes. He has made it publicly clear to the Netherlands Parliament that the position of criminality in the field is not to be tolerated any more.

Those responsible in the Public Prosecutor's Office and within the Police for the "loss" of the investigation practices and supervision in the field must be held responsible. Although Kok did not commit himself on the matter of non-disclosure, Sargbrater emphasized with reference to the Public Prosecutor's Office and senior officials in the field that "A number of interventions will be necessary and they will be made. Detailed instructions must be speaking with the large commissioners and masters in the field regarding the way they operate."

Sargbrater said she was not surprised by her own previous position as prosecutor general. "I have a duty there. I know what is wrong. The responsibility is in a position to work with me. I had no control over the deficient quality and quantity delivered by Van Traa. The innocent believers that the cabinet is the law, I reorganization and the drawing up of new agreements myself. I do not let any way to the meeting this is hands are not visible."

Netherlands: France, FRG Worry About Report on Police

BRIS02163796 Rotterdam NRC HANDELSBLAD
in Dutch 3 Feb 96 p 1

[Article by Ben van der Velden: Concern in Germany and France at Van Traa Report.]

[FBIS Translated Text] Germany and France are concerned about the report by the Van Traa Commission. The cause of this concern is the detailed regulation of police investigation methods which the parliamentary commission of inquiry recommends in its report published on Thursday (1 February).

There have been no official foreign reactions. The close reading of the Van Traa report has barely begun at the embassies in The Hague. Diplomats also want to avoid making any statements which could give the impression that they are seeking to influence the Netherlands debate on the commission's recommendations. American specialists in the fight against drugs state that they want to see what practical steps are taken following the proposals of the commission of inquiry before reacting.

But among German justice experts, the question has already been raised as to what consequences the extensive regulation of Netherlands investigation methods could have on cooperation between the Netherlands and German police in the fight against drug crime. Expec-

tations are that the proposed investigation methods will be discussed at the meeting on drug policy between German Chancellor Kohl, French President Chirac, Belgian Prime Minister Delors, Luxembourg Prime Minister Janscher, and Netherlands Prime Minister Kok on 7 March in The Hague.

The Germans fear that the Netherlands regulation of investigation methods will hinder the investigation of drug traffickers who import their merchandise into Germany through the port of Rotterdam. As soon as the parliamentary commission began its investigations last year, the French police noticed that the Netherlands police were more cautious in using investigation practices which Van Traa has now concluded should be regulated. But cooperation between the French and Netherlands police forces has always been more limited than between the Germans and the Netherlands.

The French are surprised that the Van Traa Commission speaks of the scale of crime on the one hand while on the other hand it recommends more guidelines which the police must respect.

The present French president has repeatedly criticized the Netherlands drug policy. France has also criticized the quality of the detection methods used for drugs entering the port of Rotterdam.

UK: Former Minister Calls for Lifting Libya Sanctions

LD0702234096 London PRESS ASSOCIATION
in English 2307 GMT 7 Feb 96

[By Stephen Alderman, Parliamentary Staff, PA News]

[FBIS Transcribed Text] A Tory former minister called in the Commons tonight for sanctions against Libya to be lifted.

Allan Stewart, a Scottish Office minister until he resigned last year after a controversial incident involving anti-road protesters, told MPs that United Nations sanctions — imposed after Libya refused to surrender two men suspected of carrying out the 1988 Lockerbie bombing which killed 270 people — were only being exercised by Britain and were costing jobs.

He was speaking in a short debate on relations with Libya and Iraq, opened by Labour's Tam Dalyell (Lithgow).

Demanding what the objective was of sanctions against Libya, Mr Stewart (Eastwood) declared: "All history shows that these economic sanctions do not succeed. There is not the slightest evidence that they will be effective in achieving their declared purpose in relation to Libya, especially as there appears to be no form of real communication between the British Government and the Libyan government about the issue."

Mr Stewart asked why British ministers were "so opposed" to suggestions that the two suspects should be tried by an international court in The Hague.

He added: "One has to say that there is a widespread view that the British are the only people who are obeying the sanctions policy. The Americans are using the South Koreans to get around the policy. The Italians never actually obey any of these policies anyway, being Italian. The net result is that we are the people who are obeying the sanctions, other countries are not."

He protested: "There is great potential damage therefore being done to jobs, particularly in the west of Scotland, without any political objective being achieved. I do not think, myself, that this policy can possibly go on forever. What is the end result going to be?"

Replying to the debate, junior Foreign Office minister Sir Nicholas Bonsor dismissed Mr Stewart's arguments.

Sir Nicholas said: "The Libyan sanctions ... must remain in place. They are limited but they are having an effect upon the Libyan regime and the change in attitude on behalf of al-Qadhafi, in terms of his active support for terrorism and his aggression against the West, has certainly seen an improvement."

He added that, as far as the bombing of the Pan Am flight over Lockerbie was concerned: "We have not yet got to the point that we must achieve, which is to see that the two people who we wish to see indicted and brought to justice are released to us for trial in Scotland."

UK: Dayton-Style Meeting Proposal Viewed With Disfavor

LD0702181696 London PRESS ASSOCIATION
in English 1754 GMT 7 Feb 96

[By Sarah Womack and Chris Parkin, PA News]

[FBIS Transcribed Text] London and Dublin were again at loggerheads tonight, this time over Irish proposals for a Bosnian-style conference to break the deadlocked peace process.

Northern Ireland Minister Michael Ancram said the idea was "at best premature", while Unionists and their Tory supporters at Westminster condemned the proposal as "mischievous" and a "desperate ploy".

Irish foreign minister Dick Spring unveiled the initiative to Northern Ireland Secretary Sir Patrick Mayhew in Dublin, although it formed no part of the official communique released afterwards.

Mr Spring said he wanted to lock all the parties into the same building, although not necessarily in the same room or around the same table, for two days to hammer out a compromise. "I believe this offers a prospect of maintaining momentum in the peace process," he told reporters, shortly before flying to Washington.

The two-day conference concept on the lines of that held in Dayton, Ohio, last year, was first advanced by Mr Spring at last week's meeting in London of the Anglo-Irish Intergovernmental Ulster Conference, which was resumed in Dublin today. British Government sources said tonight they had made it clear then that the idea did not find favour in London.

Mr Ancram added that the next substantive move in the process was the meeting of the two heads of government later this month. Referring to Mr Spring's proposal, he said: "We have never believed that there is any purpose in moving forward unless there is a good chance of that move succeeding."

Democratic Unionist deputy leader Peter Robinson said: "Mr Spring knows very well that as far as the Unionist community is concerned, the issue at the core of the problem is the issue of decommissioning. His proposition does not face up to that reality at all, and instead of trying to seek advantage, it would be better to try and seek a resolution to the problem — the process of an election."

David Wilshire, vice-chairman of the Tory backbench Northern Ireland Committee, said Mr Spring's suggestion was a "desperate ploy by Dublin to undermine the democratic process in the United Kingdom".

Sir Patrick again insisted that the idea of early elections in Northern Ireland — proposed by Mr Major, but rigorously opposed in Dublin — was not a hurdle, but a door to eventual all-party talks. He made clear Britain continued to regard elections as the best way forward. He also hinted that the target date for inclusive negotiations at the end of this month might not be met, by declaring: "At least we hope it will be possible to secure agreement within that time-frame on the way forward."

But Mr Spring was adamant on the issue, asserting: "The Irish government's position remains unchanged". He gave relatively little detail of his plan for a conference similar to that held in Dayton, Ohio last year to end the Bosnia war, but is almost certain to raise the issue at his meeting with US President Bill Clinton tomorrow.

He indicated that he would want the all-Northern Ireland party conference idea considered at the Anglo-Irish summit meeting later this month between Mr Major and Irish premier John Bruton.

But Ulster Unionist MP William Ross said it would be "completely impossible" for his party to join Dayton-style talks. "It is another effort by the Dublin government to avoid democracy taking root in Northern Ireland at all costs," he said. "We had in the former Yugoslavia a large number of different groups fighting a full-scale war. We have here a very small, murderous terrorist group launching an attack on the UK as a state."

Andrew Hunter, chairman of the Tory backbench committee on Northern Ireland, also said there was no parallel between the situation in former Yugoslavia and Northern Ireland. "We are looking for a means of generating confidence so there can be meaningful all-party talks, leading to negotiations. I don't see how this idea will lead to that confidence," he said.

UK: Trimble Rejects Dayton-Style Proposal

MSD802122996 London BBC Television Network
in English 2230 GMT 7 Feb 96

(Interview with Ulster Unionist Leader, David Trimble, by Presenter Peter Snow; Trimble at Westminster, Snow in London studio; for the "Newnight" program — live)

[FBIS Transcribed Text] [Snow] Do you see anything hopeful in the Dublin proposals?

[Trimble] What they are saying is that there should be discussions on the Mitchell commission report. Well

we've had a government statement on that, so we know what the government's position is on it. They talk about the basis, participation, and structure of all-party negotiations. Well our view is that the best way is to proceed through the electoral body. Now they have — the Irish have I think for the first time now referred to that as a possible way forward. Well and good, but let's get down to the serious business, and the serious business must be bringing forward the legislation here at Westminster for the elected body. This is the only place where it can come forward and let us get through the elections and let us get moving.

[Snow] But Mr Trimble, if they are prepared to make that concession to you that they are prepared to contemplate the idea of elections, are you prepared, or are you not prepared to contemplate the idea of these proximity talks. You are saying

[Trimble, interrupting] I don't see the relevance of it

[Snow] So it's no, is it?

[Trimble] No, I don't see that there is any relevance to this concept of the word proximity, it's a gimmick. And it's just been brought up — forward I think to try and save the face of Mr Spring who's been making a fool of himself over the course of the last few days.

[Snow] A gimmick you will have nothing to do with?

[Trimble] Well it is simply a gimmick. Let's deal with the substance of the matter.

[Snow] You haven't quite yet said you will have nothing to do with it though?

[Trimble] Well of course I'm not going to get involved in this Gimmick. It is a Gimmick. Let's deal with the substance of the matter. The substance of the matter is reaching agreement here in the United Kingdom between the parties that are involved in the election, because the Irish Government won't be involved in the election, in order that we get those elections as quickly as possible.

[Snow] All right, now do you share your deputy John Taylor's view that the Irish Foreign Minister, Mr Spring, who of course made this proposal this morning, is the most detested politician in Northern Ireland?

[Trimble] Well it's a matter of fact.

[Snow] So you agree with Mr Taylor? This is a pretty powerful and bitter war of words, isn't it?

[Trimble] Well Mr Spring has got himself involved in it, and his own behavior and approach to these matters has not been helpful.

[Snow] There are some reports around tonight that you've actually not been — deliberately not taking telephone calls from Dublin?

[Trimble] Well I've issued a statement in the course of this afternoon setting out our position with regard to that. We have no objection in principle to meeting and discussing matters of a general nature with the Irish Government. We will not however get involved in discussions about Northern Ireland internal affairs. And there is the difficulty with regard to this elected body, because it is something which is internal to Northern Ireland, internal to the United Kingdom and that I think is best that we pursue that through our own government and through the other constitutional parties in Northern Ireland.

[Snow] Mr Trimble if your rejection of those proposals is as flat as it appears to be tonight, aren't you concerned that the nationalists may flatly reject, completely and outright reject your ideas for an election in Northern Ireland?

[Trimble] Well I regard the use of the word proximity as being simply a gimmick, and I think actually the Secretary of State for Northern Ireland, Sir Patrick Mayhew, at the meeting in Dublin today, also was not impressed by this particular gimmick. The substance of the matter...

[Snow, interrupting] [words indistinct] elections is something of a gimmick.

[Trimble] Oh no it's not, the idea of the election is a substantive way forward. It is in fact, as we've pointed out...

[Snow, interrupting] It's what the nationalists think of it, Mr Trimble, that matters, isn't it?

[Trimble] No, the substance of the matter is that the elected body is the only way in which you will get all parties into discussion, first of all the only way to get all parties together, and secondly, it's the only way you will have any form of dialogue and advance on decommissioning of weapons, and as the Irish have not been able to solve the decommissioning issue, it remains the only viable way forward. Now I think what needs to happen here is for the Irish Government in particular to stop going around hawking its wounded pride all over the place and to sit down and look carefully at the substance.

UK: Governments 'Deeply Divided' on Peace Process

L100802074796 London PRESS ASSOCIATION
in English 0450 GMT 8 Feb 96

[By Sarah Wornack and Chris Parkin, PA News]

[FBIS Transcribed Text] The British and Irish Governments were today deeply divided over the right way to break the deadlock in the Northern Ireland peace process as London responded unfavourably to Dublin's suggestion of a Bosnia-style conference.

Irish foreign minister Dick Spring was thought almost certain to raise the idea of a two-day conference on the lines of that held in Dayton, Ohio last year when he meets US President Bill Clinton today.

However London made clear it continues to see elections as the way forward.

Mr Spring unveiled the conference initiative to Northern Ireland Secretary Sir Patrick Mayhew in Dublin yesterday, though it formed no part of the official communique released afterwards.

The idea was first advanced by Mr Spring at last week's London meeting of the Anglo-Irish Intergovernmental Ulster Conference, which was resumed in Dublin yesterday.

British Government sources said they had made it clear then that the idea did not find favour in London.

Sir Patrick again insisted that the idea of early elections in Northern Ireland — proposed by Mr Major, but rigorously opposed in Dublin — was not a hurdle, but a door to eventual all-party talks.

He made clear Britain continued to regard elections as the best way forward.

He also hinted that the target date for inclusive negotiations at the end of this month might not be met, by declaring: "At least we hope it will be possible to secure agreement within that time-frame on the way forward."

Mr Spring said he wanted to lock all the parties into the same building, although not necessarily in the same room or around the same table, for two days to hammer out a compromise.

"I believe this offers a prospect of maintaining momentum in the peace process," he told reporters before flying to Washington.

Northern Ireland Minister Michael Ancram said the idea was "at best premature", while Unionists and their Tory supporters at Westminster condemned it as "mischievous" and a "desperate ploy".

Mr Ancram said the next substantive move in the process was the meeting of the two heads of government later this month.

Democratic Unionist deputy leader Peter Robinson said: "Mr Spring knows very well that as far as the Unionist community is concerned, the issue at the core of the problem is the issue of decommissioning.

"His proposition does not face up to that reality at all, and instead of trying to seek advantage, it would be better to try and seek a resolution to the problem — the process of an election."

Irish prime minister John Bruton defended the proposal, saying the idea of getting all the Ulster parties into the same building represented "a practical, modest and sensible way of using the time available".

He added: "Some of them will talk to others, some won't.

"But at least they will all be available to one another for a two-day period. It is by far the most efficient way of getting rid of the difficulties that are there."

As for the Ulster Unionists' proposal for elections, he said: "For that to work, they must get the nationalists to agree to it.

"The only way they will get widespread agreement is by talking to nationalists."

He said "common sense and John Major" should persuade the unionists to have the confidence to talk to the people with whom they shared Northern Ireland.

"What is to be lost after 17 months of peace by talking to them?"

UK: Security Sources Say Cease-Fire Not in Danger
MS0802100196 London FINANCIAL TIMES
in English 8 Feb 96 p 6

[Report by Jimmy Burns: "Security Sources Believe Ulster Ceasefire is Safe"]

[FBIS Transcribed Text] The Northern Ireland peace process has some way to run, yet there is no immediate danger of the IRA ceasefire falling apart because of internal splits, according to British security sources.

The view is thought to be shared by MI5, the security service and senior police officers with anti-terrorist expertise such as Mr William Taylor, commissioner of the City of London Police.

The assessment is thought to be behind the British decision to play down comments made last weekend by Mr George Mitchell, head of the international body on decommissioning paramilitary weapons.

He suggested that there was a danger of a split within the IRA and a return to violence because of grassroots republican unease about the peace process.

According to security sources, the IRA and Sinn Fein leadership have invested in getting their representatives to round-table negotiations, and are confident of ensuring the adherence of their members to the ceasefire while talks with the government continue.

The sources believe the IRA was not behind a gun attack last Saturday, during which 57 shots were fired at the home of a policeman in County Tyrone. They blame the action on the INLA (Irish National Liberation Army), a small breakaway group from the IRA, which is thought to lack the military capacity to disrupt the peace process.

Security officials stress they are not complacent about Northern Ireland though they remain, on balance, optimistic.

They share the public view, reiterated recently by Ulster Chief Constable Sir Hugh Annesley, that the IRA retained as its most likely military option the renewal of a campaign on the mainland.

Prior to the ceasefire, the IRA rated the propaganda value of an explosion in an English mainland city at least 10 times higher than that of a blast in Northern Ireland.

It still regards its attacks on the City of London as among its military coups.

"We believe that if the IRA were to resume its military activity it would be against a commercial target in a British city," a security source said.

The City of London police together with other forces in the UK have continued to reduce overt security measures in recent months in response to the political developments in Northern Ireland. The emphasis has switched to intensified intelligence tracking, spearheaded by MI5, of members of the IRA and their sympathisers on the mainland, some of whom have either moved across from the province or been recruited since the ceasefire was declared.

During the ceasefire the IRA has continued to carry out reconnaissance missions while retaining access to its arms supplies.

One senior police source said yesterday: "The IRA still has the capability to move from a ceasefire position to an active position."

UK: Leader's Resignation Causes Split in Islamic Party

MS0802111096 London THE GUARDIAN in English
8 Feb 96 p 6

[Report by Kathy Evans: "Islamic Radical Party Splits", all names as published]

[FBIS Transcribed Text] Omar Bakri, leader of Britain's radical Muslim group, Hizb ut Tahrir, has resigned after a dispute about strategy towards the Muslim community.

The rupture could have a far reaching influence on Muslim opinion.

One of the principal disagreements is said to have centred on Mr Bakri's desire to work with other Muslim groups to tackle problems he believed preoccupied the community, such as racism and unemployment.

Other senior Hizb members believed such an approach would divert the party from its goal of resurrecting the old Islamic caliphate in the Middle East.

Such policies reflect the party's Arab origins, though even in the Middle East the idea of an Islamic caliphate is regarded as obscure, even among radicals.

Other groups said by pursuing such ideals the Hizb ut Tahrir risked becoming irrelevant to British Muslims.

Another dispute centered on the approach to non-Muslims with whom Mr Bakri wanted to maintain a dialogue. Other senior party members believed such contacts would jeopardise "security". They wanted the party to go "underground" and have a less high profile.

Mr Bakri now says he wants to form his own party, the Muhajiroun — the Emigrants. The new party will bring together such groups as the Association of Muslim Lawyers, the Gathering of Muslim Parents and the Islamic International Front. Their profile is much more middle class and middle aged than the membership of Hizb ut Tahrir, which concentrates its activities among students.

Mr Bakri says he now wants to concentrate on penetrating the predominant Pakistani community and working with other British Muslim groups.

Hizb ut Tahrir's deputy, Farid Qassem, a former town planner in Islington, north London, refused to comment on the split or say who was the new leader.

Both Mr Bakri and Mr Qassem say the two parties will not compete for membership.

Ireland: Bruton Defends Bosnia-Style Conference Plan

LD0702222696 London PRESS ASSOCIATION
in English 2205 GMT 7 Feb 96

[By Chris Parkin, PA News]

[FBIS Transcribed Text] Irish prime minister John Bruton tonight issued a strong defence of his government's plan for a Bosnia-style conference bid to advance the Northern Ireland peace process.

He said the idea of getting all the Ulster parties into the same building represented "a practical, modest and sensible way of using the time available".

Mr Bruton, commenting for the first time on the conference proposal advanced earlier today by his deputy, Dick Spring, also made it clear he wanted John Major to stick to end-of-this-month target date for all-party talks on Northern Ireland's future.

The Dublin premier said of the two-day multi-party meeting scheme: "Some of them will talk to others, some won't. But at least they will all be available to one another for a two-day period. It is by far the most efficient way of getting rid of the difficulties that are there."

Mr Bruton pointed out that the Ulster Unionists had their own proposal - for elections. "For that to work, they must get the nationalists to agree to it. The only way they will get widespread agreement is by talking to nationalists."

He said that to maintain their credibility, the British and Irish governments had to work to fulfil their agreed aim for all-party talks. "The Irish government is making a very practical, modest, acceptable proposal. As far as the unionists are concerned, they have an idea to sell - an election. Where better to sell it than face-to-face across the table, with the people who currently don't agree with it, but need to be persuaded?"

He said "common sense and John Major" should persuade the Unionists to have the confidence to talk to the people with whom they shared Northern Ireland. "What is to be lost after 17 months of peace by talking to them?"

Ireland: Spring Discusses Dayton-Style Meeting Proposal

MS0802112696 London ITV Television Network
in English 1900 GMT 7 Feb 96

[Interview with Irish Foreign Minister Dick Spring, by Presenter Jon Snow; Spring in Dublin, Snow in London,

on 7 February; from the "Channel Four News" program — recorded]

[FBIS Transcribed Text] [Snow] Given the British Government's frosty response does your idea have any real chance of success?

[Spring] Well what we hope to do is to work on these proposals. I think it is important that we remind ourselves of the firm aim of both governments in the communique of November 28 to launch all-party talks before the end of February, and I think it is important that we work with the parties to try to get them into what I described as proximity talks by the end of this month.

[Snow] What's the difference between the kind of Dayton concept that you're talking about and the all-party talks we were aiming for anyway?

[Spring] Well it has been said on many occasions some parties are not ready for the formal all-party talks. Some people maintain that you won't have all-party talks now until you have elections. Others want to have negotiations before elections. What we are offering is an opportunity for all those parties to come together and to put the various propositions on the table and then see if we can reach agreement to move on to all-party talks.

[Snow] But it's entirely dependent, or at least the Dayton concept was dependent upon the Americans putting a very considerable shoulder to the wheel. There's not much evidence they would put such a shoulder to this wheel?

[Spring] Well I don't think it may be necessary in this case because I think both governments have the resources and the machinery to put this together.

[Snow] But you're going to see President Clinton in the morning. You obviously want him to endorse this idea, and indeed I imagine, to commit more than endorsement?

[Spring] Well certainly President Clinton and the U.S. administration have been a tremendous resource to both governments and to both communities in Northern Ireland for the last number of years, and we obviously will be hoping for their help in the future as well.

[Snow] We are at a very serious point, are we not, because your relationship with the Unionists, or theirs with you, appears to be at an extraordinarily low ebb and indeed it doesn't seem as if you're getting much further with mending fences with the British?

[Spring] Well in relation to the British, the reality of course is that we have to work together in partnership. There will obviously be differences in priorities at times.

but not withstanding that, both governments have to work together and I have no hesitation in saying that that is my intention. Obviously I would prefer to have a better relationship with the unionist parties, and I think that will happen once we sit down across the table and work together in a reasonable fashion.

[Snow] How would you characterize the position as we look at it tonight — the British Government looking for elections, you looking for a Dayton, Ohio-type of encounter and no agreement on either?

[Spring] Well I think what is necessary is we get into a situation, as we have described, of where we can move onto the multilateral track where we can discuss the prospect for elections and the prospect for negotiations and see if we can mesh the two together.

[Snow] So you think we could go through on both tracks, have a kind of Dayton talking shop, and elections?

[Spring] Well I think we've got to get together to discuss all of those issues and see if can bring about a solution to the present impasse that exists.

[Snow] And let me clarify that what you mean is not necessarily a round-table thing, but everybody being in the same building and talks going on in different rooms?

[Spring] That's right, providing the facilities — as it happens four of five of the parties are already using the facilities in Stormont, the facilities that have been especially furnished for this type of situation, so what we want to do is get the rest of the parties into this building and have those type of meetings, yes.

[Snow] But do you also want a kind of Holbrook figure — Ambassador Holbrook who held the ring in Dayton to do so in Stormont?

[Spring] Well that may not be necessary. I think that the Secretary of State and myself would certainly be capable of carrying on the proceedings and bringing them to fruition.

Germany: Waigel Stresses Need for G-7 Reform

AU0802130096 Bonn INTERNATIONALE POLITIK
in German Jan 96 pp 55-62

[Article by Federal Finance Minister Theo Waigel: 'The G-7 Cooperation Process: The Future Requires New Thinking']

[FBIS Translated Text] In view of spectacular economic and monetary policy events last year, cooperation of the seven major industrialized nations within the framework of the G-7 (United States, Canada, Japan, France, Great Britain, Italy, and Germany) has come into the focus of public interest again. The drastic slump of the dollar has affected many countries' economic prospects; monetary fluctuations — some of them considerable — have created doubts about the stability of the international financial system. Some people see in these developments an example of the present impotence of the large currency countries and thus also of the Group of Seven vis-a-vis the apparently too powerful financial markets. Insufficient cooperation in supporting the necessary adjustment measures in Mexico has burdened the G-7 coordination mechanisms. Regarding the summit meeting of the heads of state and chiefs of government, it has also been criticized that the G-7 is no longer representative and has lost influence because world economic and geopolitical weights have changed in recent years.

In the final analysis, this assessment is based on a fundamental misunderstanding of the meaning and purpose of cooperation within the G-7. Cooperation within the G-7 is not institutionally anchored or based on fixed agreements, nor does it claim to be a forum deciding global problems. It is rather based on the simple realization that, given the close world economic entwinement, economic, monetary, or trade policy measures of large countries may have repercussions on their partner countries ("spillovers"). If these repercussions are negative, they may touch off countermeasures by the countries concerned, so that ultimately all countries in a "downward spiral" achieve worse results compared with the starting position. The conclusion is thus: It is only by early agreement with the major and important economic partner countries that satisfactory national and global economic and monetary policy results can be achieved. This realization has been generally accepted step by step following the collapse of the Bretton Woods fixed rate system in the early 1970's and has become the basis of the present close and trusting cooperation of the countries represented in the Group of Seven.

After the dollar standard was abandoned, and the fixed rate system collapsed, all parties involved were aware that a return to a fixed rate system at a worldwide

level would be unrealistic and probably not even desirable. However, at the same time, the wish for orderly conditions at the international financial markets was so big that shortly afterward, the finance ministers of the United States, Germany, Great Britain, France, and Japan met at irregular intervals to discuss problems of the international economic and monetary system. This form of cooperation received a new quality when the former French finance minister, Valéry Giscard d'Estaing, became president and, in 1975, invited his counterparts from the United States, Japan, Great Britain, Italy, and Germany for talks on world economic problems of current interest. Thereby international cooperation in economic and monetary policy matters was for the first time given top priority and was recognized as a central element of international cooperation. All participants considered the summit talks initiated by Giscard d'Estaing as useful and continued them in subsequent years on a broader basis. The inclusion of Canada several years later led to the current form and structure of the G-7 cooperation.

The G-7 agenda, which was originally confined to economic and monetary policy topics, has been gradually expanded in the course of the years. On the one hand, this was a result of the meetings of the heads of state and chiefs of government, which were successful from the start, but on the other, a result of the fact that international institutions often did not make real progress in dealing with important issues, and the G-7 often gave an impulse for further international discussion. Examples of this are problems of international development aid, in particular the debt strategy, trade issues, international environmental policy cooperation, and terrorism. Given this large variety of topics, it is only consistent that the G-7 should today have two lines. The first line is cooperation at the level of finance ministers and central bank governors, and the other line is the annual summit meetings of the heads of state and chiefs of government. The G-7 meetings at the political level are complemented by regular and confidential meetings at the level of experts (personal commissioners of the heads of state and chiefs of government — "Sherpas" — and deputies of the G-7 finance ministers), which prepare the topics to be discussed at the meetings at the political level. In this way, a trusting and efficient circle of talks of the large industrial countries at the "technical" level has been created, allowing the countries to deal with global issues swiftly and informally, and to act quickly at the political level in the case of a crisis. From case to case, the central banks of these countries are also involved.

As a rule, the G-7 finance ministers meet with the central bank governors three times annually to discuss economic and monetary policy affairs. These talks are

focused on the economic situation of the G-7 states and the situation of the world economy. The managing director of the International Monetary Fund (IMF) also takes part in these meetings; he expounds on the IMF's assessment of the geopolitical and monetary policy prospects and supplies the analytical bases of the G-7 discussion. On the other hand, the IMF thereby also represents the interests of the countries that do not take part in the G-7 process, meaning in particular developing countries and transformation countries.

The Role and Reform of the IMF

The IMF role in the G-7 process of finance ministers and central bank governors has been enlarged in recent years — particularly at the insistence of Germany. With its global membership and its comprehensive information and knowledge on the situation and developments in its member states, the IMF is in a position, more than any other international institution, to analyze problems and issues in a global context, and to point out and put up for discussion possible undesirable economic developments. Since the end of the fixed exchange rate system, this economic and monetary monitoring function ("surveillance") has formed part of the agreement on the IMF, and it was logical to involve the IMF in the monetary policy cooperation of the large currency countries.

At their meetings last year, the finance ministers and central bank governors focused on the development of the dollar rate at international financial and foreign exchange markets, the situation of the world economy, and possible reforms of the IMF and the World Bank against the background of these two institutions' birthday. In view of some observers' excessive expectations, the results of the G-7 deliberations on developments at the foreign exchange markets necessarily did not meet with unanimous approval. However, in view of the highly integrated and complex financial and foreign exchange markets, the measures recommended to the G-7 by some commentators to support the dollar (such as coordinated interest rate cuts, massive interventions at foreign exchange markets, or taxation of foreign exchange market transactions) were extremely unrealistic. Moreover, the recommendations dealt with the symptoms, instead of the causes. G-7 statements, coordinated interest rate policy measures, or coordinated interventions at foreign exchange markets can only help stabilize the exchange rates, if they complement necessary economic policy corrections in individual countries. Reduced to a formula, this means that every country must recognize its own responsibility and put its house in order. Every country's contribution to the stabilization of the world economy will have a sustainable effect only if it is based

on stability in the respective country itself. It is a foregone conclusion that such measures will only be carried out if the countries concerned are convinced that the measures suggested are in line with their own internal economic stability requirements. It would, for instance, be unrealistic to expect one's partners to take interest rate policy measures if such measures jeopardized the partner's internal economic stability goal. It is generally true that G-7 cooperation cannot and should not be a substitute for a country's own acting.

The decisive role of specific economic policy corrections as a prerequisite for stable monetary policy relations has often been left out of consideration by those who today call for a new version of the "Plaza" and "Louvre" agreements of 1985 and 1987, respectively, for a stabilization of exchange rates. The reduction of external and internal imbalances and the decrease of the excessively high dollar rate at that time were only possible because all countries involved, in particular the United States, were ready to bind themselves internationally to take specific budgetary and monetary policy measures. It was of importance in this context that the United States specifically recognized the fact that it shared responsibility for a smooth functioning of the international economic and monetary system.

In view of the current weakness of the dollar, the United States must primarily have an interest in consolidating its national austerity policy. The decline of the overall economic savings ratio since the early 1980's by 5 percentage points to 14 percent of GDP today is accompanied by continuous high current account deficits of the United States. These deficits must be financed through foreign credits. As a result, the United States as a former creditor has in recent years become the world's largest debtor. Japan must force the opening of its market and the deregulation of its economy. This is not only in the interests of an open world trade system, but also serves Japan's internal economy and ultimately the stabilization of the dollar-yen exchange rate. A serious crisis of the Japanese banking and financial system in recent months has been an additional burden. Given the world economic significance of the Japanese financial system, it is necessary for Japan to cope with the problem of the needy banking credits soon and to stabilize its banking and financial system.

The European G-7 countries must above all push their budget consolidation, also with a view to the European Economic and Monetary Union. Given the continuous high unemployment, measures for a more flexible employment market are indispensable in Europe. How very important employment market issues are in the European context is demonstrated by the fact that these problems were given priority at the European Council meet-

ing of EU heads of state and chiefs of government in Madrid in December 1995. Germany pursued a strategy of "symmetrical" financial policy aimed at the continuation of budget consolidation and the simultaneous decrease of the tax and surcharge ratio. The Federal Government's economic policy continues to be aimed at improving the attractiveness of Germany as a business location. However, employers and trade unions must also make their contribution, because in global competition, flexibility and cost efficiency are increasingly becoming decisive competition parameters.

National Misconduct

These implications show that stable monetary policy relations cannot be achieved through closer G-7 cooperation or even a coordinated "fine tuning" of the monetary and financial policy of the countries involved. The causes of exchange rate fluctuations are usually national ones, and this is the area where they must be dealt with. This realization has recently increased worldwide. It is also gratifying to see that there is now also agreement in the United States that the budget deficit must be lastingly decreased. It is certainly also a success of the discussion within the G-7 that the discussion in the United States on the need to balance the budget has increased.

There is agreement of all parties involved in the G-7 process that G-7 cooperation in economic and monetary policy does not mean "coordination" or even common decisions, for instance in the sense of defining certain interest rate or budget policies or even exchange rates. The participants cannot and do not want this. After all, the players are sovereign states. What must be done at the national level must be decided and implemented by parliament, the government, and the central bank at home. What takes place at the international level, in the circle of the G-7, is primarily a frank exchange of opinion and information and a statement of national economic and financial policies. Possible undesirable developments are to be uncovered in time and, in this way, harmful repercussions on the partners and on the world economy as a whole are to be avoided.

Those who criticize this form of G-7 cooperation as insufficient should remember the economic and monetary policy conditions of the early 1970's. Under the influence of late Keynesian theories, the late 1970's were marked partly by quite controversial economic and monetary policy discussions at the international level on governmental control of demand.

It is therefore a big success that there is agreement in the G-7 circle today that stable monetary relations and thus a smooth world economic growth can only be achieved on the basis of a medium-term strategy of

budget consolidation and monetary policy oriented at price stability.

Cooperation of the G-7 finance ministers and central bank governors is, however, not confined to economic and monetary policy issues. Another topic of G-7 discussions are basic issues of the international trade and monetary system, problems that can either only be solved jointly or can be brought closer to a solution through a common G-7 initiative. To react quickly to such problems, the experiences made in connection with a settlement of the crisis in Mexico have led to an improvement of the coordination mechanisms in the G-7 circle. On the whole, the finance ministers and central bank governors have achieved much in the last 10 to 15 years:

- In the 1980's, a common debt strategy based on cooperation instead of confrontation was developed to solve the debt problems of developing countries and thereby avoid a crisis of the international financial system and at the same time get the debt problems of developing countries largely under control.

- The trade talks in the framework of the Uruguay Round have been given essential impetus and support through the discussion within the G-7 circle.

- The G-7 also have a decisive share in the development of a strategy for the transformation process in Russia, the other successor states of the former Soviet Union, and generally in Central and East Europe. This includes the initiation of financial support packages.

- Finally, there is the G-7 action plan of Naples on the early shutdown of the Chernobyl nuclear power plant. Granted, this was no financial policy topic, but cooperation of the finance ministers in this issue made it possible to find a solution.

The basis of G-7 cooperation is, in addition to agreements on basic economic and monetary policy lines, the readiness and ability of the parties involved to assume responsibility, in accordance with their economic and political weight, for the functioning of the international trade and monetary system. However, this role of the G-7 should not be misunderstood as being one of a world financier, even though the G-7 responsibility may also require the allocation of financial aid. Against this background, the current domestic policy discussions in the United States on U.S. contributions to international institutions, in particular in the area of development aid and to the United Nations, must be viewed with great concern. Those who claim worldwide leadership must also make an adequate contribution to financing relevant measures. Despite national budget problems, no industrial country may dodge its international responsibility.

Active Role of the Finance Ministers

The examples given above of the broad spectrum of cooperation between the G-7 finance ministers also underline the finance ministers' larger role in the framework of international cooperation and in particular in the scope of the summit process. After the collapse of communism, national security interests are determined less and less by military alliances or traditional foreign policy considerations. The globalization of national economies and the resultant dependence on economic developments in other countries have rather increased the interest in codecision on financial, monetary, and economic policy problems and have thus strengthened the finance ministers' importance regarding foreign and European policy. It is therefore only logical that the finance ministers should assume an increasingly active role in international cooperation; this also manifests itself in the preparation of the meetings of the G-7 heads of state and chiefs of government and the finance ministers' participation in these meetings. This holds equally true for the EU.

Unlike the meetings of the finance ministers, the meetings of the heads of state and chiefs of government serve the informal exchange of opinion and the discussion not only of basic world economic problems, but also of international politics of current interest. However, here, too, the point is not to make formal decisions. The G-7 heads of state and chiefs of government do not see themselves as a global decisionmaking body or a sort of "world directorate." Therefore, the benefit and success of the summits do not manifest themselves in specific decisions so much, but rather in the development of common basic positions and a strategy to meet the challenges on the road into the 21st century.

At the recent Halifax summit meeting, the heads of state and chiefs of government adopted proposals for a reform of the IMF and World Bank that had been drafted by the G-7 finance ministers, and started an intensive reform discussion in the Bretton-Woods institutions. They also made important suggestions aimed at improving the combating of poverty and solving environmental problems. The G-7 proposals on the IMF and the World Bank have been discussed by the responsible bodies in recent months and have in part been implemented.

Despite fundamental changes in the world economy, which have also upgraded the economic weight of individual non-G-7 countries, the G-7 has remained the central discussion forum especially for problems of the international economic and monetary order. In addition, these countries will be able to give further important impetus in regions where they do not have a dominating influence. They can, for instance, stimulate

the current discussion process on possible reforms of the UN system.

Over the longer term, the G-7 cooperation process will also have to change. The implementation of the European Economic and Monetary Union will upgrade the weight of the EU, which is already represented at the annual summit meetings by the presidents of the European Council and the Commission. The threshold countries that are developing fast economically should be involved in international cooperation to a larger extent, and should thus contribute an adequate share to ensuring a stable international trade and monetary system. Initial conclusions have already been drawn from the changed world economic framework conditions in that Russia has been included in the political part of the summit process. However, the inclusion of Russia in the economic and monetary policy cooperation of the G-7 will only be possible and acceptable for all G-7 countries, if and when Russia has grown out of the role of a receiver country — for instance, regarding problems of financial assistance for the transformation process or generally development policy cooperation — and pursues similar interests as the current G-7 countries in these and other central monetary policy matters.

For the time being, the G-7 cooperation in its present form of the meetings of finance ministers and central bank governors, on the one hand, and the annual summit meetings of the heads of state and chiefs of government, on the other, remains a central and indispensable element of international cooperation.

Germany: Rexrodt Presents Annual Economic Report

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[Government Statement by Federal Economics Minister Guenter Rexrodt in the Bundestag in Bonn — live]

[FBIS Translated Text] Madam President, ladies and gentlemen: In line with the Stability and Growth Law, the Federal Government presents its Annual Economic Report 1996. It comes at a difficult time. The unemployment statistics released today illustrate this particularly drastically. What is particularly alarming in this context is the dynamism of the increase. Regarding the unadjusted figures, unemployment has increased by 80,000 compared with last year. The figure of 4 million unemployed has been clearly exceeded. The employment market situation requires extraordinary efforts and extraordinary measures. The Annual Economic Report and the action program are to contribute to this. They are intended to open up new employment opportunities and

to strengthen confidence in our society's ability to cope with the future. The central messages are:

First, we will overcome the present growth break, meaning we will have more dynamism in the course of 1996.

Second, growth alone will, however, not be sufficient for a clear success in the fight against unemployment.

We need priority for employment in political action, including in areas that we did not dare touch in the past. We need priority for employment in the behavior of employers and trade unions and the social groups, and we need priority for employment as a guideline of a common strategy that we are planning to implement in the alliance for employment and a secure future [applause]

Therefore, the Annual Economic Report is titled Priority for Employment.

Ladies and gentlemen, the reasons leading to the present employment market situation have been analyzed clearly and in detail. Our assessment coincides with that of the Council of Experts whom I wish to thank for their work from this rostrum. A number of factors has burdened and continues to burden the employment situation such as the revaluation of the German mark, the unexpectedly high pay agreements last year, and the clear slowdown in the construction industry this year.

In addition, we have external trade challenges, the globalization of the markets, the opening up to the East, the emergence of new, strong competitors.

All this is no longer the description of exotic developments or empty political talk. These are developments, ladies and gentlemen, that concern every citizen's work life. In the next three decades, an additional 1.2 billion people will compete for jobs worldwide. The pressure of competition on high-wage locations such as Germany, on our companies and employees is increasing. It would be wrong to react to this by means of protectionism. We can only withstand such pressure if we abolish the many obstacles to growth and employment in our country. On the other hand, we can only take the opportunities of globalization by means of modern production and by means of distribution systems that do not overtask our companies.

Ladies and gentlemen of the opposition, you sometimes simplify things. You simply claim that the coalition has failed during its term in office — 13 years — to carry out the necessary reforms. [applause] This is simplistic thinking, a simplistic pattern. It is absolutely wrong. It is correct that you have put obstacles in our way again

and again when we were about to start the necessary reforms. [shouts, applause]

You know very well that a government cannot guarantee full employment and that unemployment in our country has as many causes as authors. Our citizens know very well what the contributions of the opposition to the so-called modern economic policy mean. Those who deal selectively with one or two issues — photo-voltages and shifting social welfare costs to taxpayers — will achieve nothing, ladies and gentlemen. [applause]

Who would dispute that we are facing particularly difficult challenges in view of the big international economic changes and in connection with German unity. Inflexible work times, little flexibility for wage agreements, complicated rules on protection against dismissal. Who would dispute that people looking for work have fewer opportunities here. Anyone saying such a thing does not have a clue. Anyone who says this does not really have any arguments, and the volume of your interjections, Mr. Fischer, does not say anything about their correctness. The services offered by our social system are unparalleled anywhere else in the world. Who would dispute that we have reached the limits of fundability and the limits of the burden we can place on employers and employees. The only thing that I can tell you, ladies and gentlemen of the opposition, is that those who build up taboos will risk having the welfare state collapse under the social burden. Those who underestimate the social changes in our society and discredit them with populist arguments, those who prefer to announce expensive charities instead of uncomfortable truths, have not understood the situation. And the current debate on early retirement is an example of this. Ladies and gentlemen, the expert council, renowned international institutions, such as the OECD, the IMF, and the European Council, agree with us that a package of measures is necessary to achieve a stable currency and balanced public budgets, lower taxes and fees, the government's withdrawal from industry, more flexibility in the labor market, and in the goods and capital markets.

Ladies and gentlemen, things must be called by their proper names. It is the opposition that has blocked sensible approaches for more employment. It was you who have prevented the corporation tax reform from coming into effect on 1 January 1996. [applause] With this you have given away the chance of giving a signal to investors in Germany and given away the chance for more people to have jobs. A signal that we would have needed. [applause] You are to blame for that, ladies and gentlemen. You rejected our proposals for more flexible work times. Instead, you suggested regulations that are even more restrictive than those contained in the 1938

Work Time Act. You only wanted to agree to longer daily work times with the express approval by the wage round partner, and then you would only agree to an additional two hours. Ladies and gentlemen, these are the measures, this is the defensive position that prevents future-oriented jobs. [applause]

Let me give you another example: Take the energy consensus talks. You made them fail twice, thus making the framework conditions for a sensible energy mix worse. Sometimes I get the impression that you made them fail to get your own back on Mr. Schroeder. That is the real background.

You are creating new blocks by irresponsibly calling the Economic and Monetary Union (EMU) a program for the destruction of German jobs. Mr. Spöerl, who is among us today, is the spokesman of such statements. EMU is being used in the election campaign to undermine an agreement that was reached by the parties in this parliament not to attack one another with European issues and not to pull these things into the election campaign. [unintelligible interjections] We maintain our position that EMU must be realized within the time schedule and by meeting the convergence criteria. Anyone who calls this a job destruction program is to blame for the loss of jobs in Germany. [applause]

All I can say is that with the Green partner it desires, the SPD is caught in a dilemma between, on the one hand, undeniable necessity, which many of them realize, and small groups of whom also acknowledge, and, on the other hand, ideological constraints which, for electoral and tactical electoral reasons, cannot be thrown overboard. They are ghost riders, all of them political ghost riders, and that is the last thing we need in this situation.

Ladies and gentlemen from the opposition, take an example from the trade unions. The trade unions have realized the seriousness of the situation, and they are playing a constructive role. By means of the alliance for labor and economic security, we are together improving our chances of effectively combating unemployment. I consider the accord concerning the 23 February chancellor's round of talks an important social-political step forward. The results show in an impressive manner that politics, the trade unions, and the economy are proceeding in the same direction. The chancellor's round has provided a framework for better investment conditions, a more flexible organization of labor, new impulses for research and development, and incentives for education and re-education. That is an agreement reached by politics, the trade unions, and the economy. What is important, ladies and gentlemen, is that the direction we must take has been defined, that the alliance

for labor provides a platform upon which we can build and that upon this platform, upon the program that has developed, we can now undertake specific measures. Ladies and gentlemen, you were not there at the time. This alliance is quite important for our country, and that is what counts. [applause]

With the action program, the government is assuming its share of responsibility. Of course, we will not manage to create adequate employment levels and balanced budgets in one go. Of course we cannot revitalize the social state and resolve ecological problems at the same time. But the action program is a decisive step in the right direction, and that is also the way it is viewed outside.

Ladies and gentlemen, I understand it when the trade unions do not agree with everything, for example when we wish to curb the rising expenditure on health holidays, civil servants, and unemployment benefit. In any case, I have greater understanding for these concerns than for the opposition's accusations and alternative suggestions, insofar as these suggestions are discernible. Mr. Schroeder is dreaming of Helmut Schmidt's inflation cure of the 1970's. Mr. [name indistinct] and Mrs. Mathäus-Mayer are saying the opposite. Mr. Lafontaine has mixed the macro-orientation of politics, and Mr. Mündorf is calling for a micro-program. His suggestion about luring foreign investors to Germany by means of tax concessions shows the confusion in the SPD's ranks. This condition is also reflected in the SPD's 10-point plan, half of which consists of appeals to the tariff partners. Ladies and gentlemen, you are also wrong to demand that the Bundesbank be held responsible for labor policy. He who keeps saying that the Bundesbank should reduce interest rates shows that he is not really concerned for this institution's independence. He who wants a stable mark and Eurocurrency must defend the Bundesbank. He cannot keep saying that the Bundesbank should or should not do. And he must not ruin society's great trust in the Bundesbank's policies. Mr. Scharping, your idea of tightening our borders in order to relieve the German labor market is also mistaken. Last week, you, Mr. Lafontaine, announced you would give Mr. Hintze a bible as a present. I suggest that first of all, you read up in that bible about the confusion of tongues connected with the Tower of Babel and its consequences. Ladies and gentlemen from the SPD, you have neither a clear analysis, nor a concept, nor suggestions. You talk about everything and nothing. From an economic-political angle, you are a loss for this country, ladies and gentlemen. [applause]

In contrast, the Federal Government is using clear, unambiguous language. Our action program is based on reliable guidelines, it is a concept that will do

something about Germany's excessive cost of labor, provide more incentives to create new jobs, and takes into consideration the interdependence of economic, fiscal, and social policy. It is a concept that stands for joint and comprehensive action and for more jobs. And each of the new areas of action encompassed in this action program stands for these guidelines.

I will now talk about a most important area, the setting up of new businesses and deregulation. We need a culture of people setting up businesses of their own in Germany. [unintelligible interjections] Ladies and gentlemen, the more you shout, the more successful you will be among the medium-sized enterprises that you are so anxious to represent, and the more you will be supported by them. The medium-sized enterprises know that they can count on political support — from our side, and that is what counts. [applause, unintelligible interjections]

Everybody knows that new jobs are created by medium-sized enterprises, by people who set up new businesses, and by innovative companies. We will help those companies to find investors who are also willing to finance risky investments. We will create tax concessions in this area. Moreover, we will make sure that there are favorable interests for investments by innovative companies, for growing enterprises that have liquidity bottlenecks, and for investments into environmental protection and infrastructure.

We will ease the tax burden on new companies in their difficult initial phase. The main emphasis will be put on the manufacturing industry and technology-oriented services. The Federal Government will soon begin to work out concrete proposals for this scheme. We will either introduce an exemption from income, corporate, and trade tax limited to three years, or we will improve possibilities for tax deferral for investment reserves.

Quite a few jobs cannot be created in the first place because bureaucratic obstacles and intervention in free competition unnecessarily hinder business activities. Biotechnology is one example of that. We have 40,000 jobs in this area in Germany today, but we could have more than 100,000 if the ground for free development possibilities had been prepared earlier. [applause] German chemical enterprises employ 16,000 experts in their research departments in the United States. Quite a few of these jobs could have been created here in Germany had our framework conditions been better. This is a concrete example of the effects hostility toward technology can have for Germany as a business location — hostility toward technology that is nurtured in your political circles and is put into practice in many larger and communities on a daily basis. Ladies and gentlemen, this is

what has made the job situation so problematic in Germany. [applause]

With the action program we also want to break blockades in this area and make work conditions in our country more attractive again. We will take decisive steps toward more competition in the postal and telecommunications sector, as well as in the supply of electricity and gas. The SPD has long advocated an interventionist policy in this area. You always wait so long that you can no longer avoid the inevitable steps. The postal reform is the best example of how you have delayed privatization, and prevented us from assuming an even better international position in the area of telecommunications than we already have. [applause]

They are marked by the fear — and this manifests itself in their questions — of whether jobs will soon be abolished somewhere. I tell them, look at developments in the mobile radio industry, where over 20,000 new jobs have been created in recent years. We stand a good chance of creating another 1.5 million jobs, in addition to the 1.4 million jobs in the area of information technology, if conditions in Germany are created for this, if the existing conditions are improved. This is the opinion of renowned institutes, and therefore we must start technological changes in time and with an open mind, instead of applying the brakes, obstructing, or preventing them, as you have done in recent years. Ladies and gentlemen, in particular in connection with the postal reform. [shouts]

We are simplifying planning and licensing procedures by means of new and creative solutions. We all know how long it took us to finally arrive at a solution that we can live with. It was delayed for many years. For planning and licensing procedures, we have suggested the so-called special acceleration method, which leaves it to the investor to choose between the normal licensing procedure and the faster procedure of conditional permission. It speaks volumes that the SPD and the Greens have rejected this proposal with the argument that German investors cannot afford the risk of provisional permission. I recommend to you to take note of the opinions of the economic ministers of the Länder. They are more advanced in this area than you.

Ladies and gentlemen, jobs in sufficient numbers can only be created if we relieve labor rigorously of taxes and charges. No one need tell us how to relieve citizens and companies. I remind you of the situation before reunification. At that time, the Federal Government had reached a balanced budget, record surpluses in social insurance companies, extremely low taxes. These were the facts. This was connected with an excess of 3.5 million jobs in the 1980's. No one can deny this. It

was the success of our economic and financial policy. [applause]

We will continue these successes, and despite the huge task of consolidation, we will abolish or decrease taxes that have a negative effect on performance or employment by January next year. Despite the harassing fire from the laender, we will start reducing the solidarity surcharge by the middle of next year. [applause] This will ease the burden not only of medium-sized companies, but of all citizens, and it will strengthen private consumption.

Regrettably, some people do not hesitate to call the clear accords of the solidarity pact into question, out of purely egoistic financial interest. They even fan discussion on distribution between the east and west again. [shouts] Our citizens are realizing this ever more clearly. We say very clearly that the new laender were and will continue to be supported by us. The decrease in the solidarity surcharge will change nothing about this. [applause] Those who maintain something different polemize. [shouts] We only want the revenues that the laender, owing to our country's fiscal policy constitution, do not have to transfer to the new laender any more, to be returned to those who pay the taxes — to the citizens in the east and west of our country. This is what we want, ladies and gentlemen. [applause] The solidarity surcharge is the beginning of a policy of consistent tax cuts.

We will take another big step toward a simpler and more achievement-oriented tax system by means of a comprehensive tax reform at the beginning of the next legislative term. And we will prepare this during the present legislative term. Parallel to tax reliefs, we will stop and reverse the trend of growing social contributions. It is our aim to reduce these contributions to below 40 percent by the year 2000. I know that this is an ambitious aim. But the refinancing of non-insurance services via higher taxes is far from being an ideal solution. The way toward lower contributions must first go via cuts. We have to act where things have gone too far. The reform of the early retirement scheme will be an important step in that direction. Further steps are necessary regarding occupational disability pensions. And I would seriously like to ask you whether it is really an attack on the welfare state, if we want to slow down the dramatic increase in costs, for instance for cure breaks. Three weeks of time off for cure breaks every four years, instead of four weeks every three years. That must be possible with a responsible handling of social insurance contributions. That must be a reform that one can support.

Better use must be made of the existing job opportunities in our country. That is why we want to make the bridges between unemployment and the labor market more stable. Let me give you two examples of this: Offering unemployed people training courses is not enough. Trainee programs that integrate the unemployed in new jobs gradually would often be more effective. And another thing: The acceptability of jobs. Employment offices need clear guidelines telling them what new jobs individual unemployed people can be reasonably expected to accept. In future, one should look toward the real job opportunities, which means the achievable income. That is not a reduction of the welfare state, ladies and gentlemen. It is a way toward getting people out of unemployment and helping them get a job. And that is the path we will travel. [applause]

What also needs reforming is the very complicated regulations on protection against unfair dismissal. An employer cannot be expected to study the law for two days to find out whether he can lay somebody off for personal reasons. No wonder that small and medium-sized companies shy away from taking on people. And I also consider it unacceptable that labor legislation threshold values make no difference between part-time and full-time employees. A small company with 21 part-time employees is thus burdened with far more regulations than a company with 19 full-time employees. This goes from the number of company representatives, to informing staff on the economic situation, to claims under the social plan. We will change this, and I do not know why you have to shout and argue about that. These are goals and demands that you talk about every day, and when we are about to implement them, you keep interfering and act as if you do not want these things. One has to be credible in politics, not polemical. That is what counts. [applause] [unintelligible interjections] We also see additional job opportunities in the field of household and family-oriented services. There is an enormous demand there. We want regular jobs to be created in households. The precondition for this is that we make the tax conditions more attractive and reduce bureaucratic obstacles. So far, you have disqualified this, referring to the so-called home-help privilege. But sometimes a late insight is a good insight, ladies and gentlemen. In our efforts for more flexibility in the labor market, we have to rely on the wage round partners. The Alliance for Labor is a good start.

It is good that industry and labor are willing to create special wage agreements for the long-term unemployed who return to work, and that they will think about creative solutions, such as overtime regulations. In my view it would be even better if they were able to reach

concrete agreements and sensible, employment-oriented wage agreements. [applause]

The U.S. example shows that wage policy can make a decisive contribution to the creation of new jobs. [unintelligible interjections] I am not saying that we should blindly imitate those examples, far from that. Just listen to what I am saying. Take a more discerning view and stop your polemics; black and white — these are the clichés that dominate your way of thinking. Yet, we all know that there is no ideal path leading to the solution of our employment problems, that we must think in a more discerning way, and that we must use all the possibilities and proposals that make sense to us. Polemical statements and shouting will not create work for anyone in Germany. Mr. Fischer, you must finally understand that. [applause]

Ladies and gentlemen; let me return to the United States. There, the two sides that conclude the wage agreements respond very strongly to company efficiency by linking pay to productivity, and by offering wages that are much more differentiated than those here in Germany. And the result is, at first glance, impressive. Forty million new jobs in the United States since 1980, and a significantly lower rate of long-term unemployment than in Germany. [unintelligible interjections] I know very well that many of these jobs are poorly paid and offer no or only very little social security. We cannot, and nobody wants to imitate that example in Germany. Nevertheless, what we can learn from it is that greater pay flexibility would improve the employment situation in Germany too, without immediately creating the so-called working poor. We must take over individual elements from what others are doing better than we. This, ladies and gentlemen, would only benefit our labor market. [applause]

The annual economic report and the action program of the Federal Government are part of the alliance

for work; and they provide one substantial element to this alliance for work. We have set ourselves an ambitious objective, namely to halve unemployment in this country by the year 2000 [laughter]. That is a difficult goal to achieve — and it is not funny at all. One must define ambitious objectives if one shows responsibility for the situation in this country, and try everything that can help achieve this objective. We now want to create conditions to enable our country to successfully meet the challenges it will face, and be able to use the chances of future changes everywhere in the world, changes that we can feel day after day. We must be the pioneers in Europe in this area. This brings me again to the European Economic and Monetary Union, which must be launched as scheduled without failing to meet the convergence criteria. I say again that those who indulge in cheap polemics in this connection will wrong all working people in this country. [applause]

Ladies and gentlemen; stable public finances, stable systems of social insurance, stable money, and reliable framework conditions — these are the essential conditions for turning this Union into a permanent community of stability and growth, for making sure that Europe will give incentives to the world. Germany bears great responsibility for it, and I think the opposition should also recognize this responsibility. We expect the laender to subordinate their separate interests to these supreme objectives.

The 1996 annual economic report is more than a report, it is a program, an action program, an important step that must be followed by new steps; it is a great challenge. The people, the economic community, in particular, have waited for this signal. Ladies and gentlemen; based on the alliance of work, we will proceed with great determination on the road on which we have embarked. [applause]

France: De Charette on IFOR, War Crimes Investigation

BR0702135796 (Internet) French Ministry of Foreign Affairs WWW in French 6 Feb 96

[Interview with French Foreign Minister Herve de Charette by unidentified reporter of Europe No. 1 Radio in Paris on 5 February]

[FBIS Translated Text] [Reporter] The Bosnian Serbs little by little are beginning to accept that the UN war crime investigators must do their work. Yesterday they admitted that the thousands of Muslims that were missing in Srebrenica had been killed. Did Herve de Charette demand that the perpetrators of the Srebrenica massacres be prosecuted and punished?

[De Charette] France's policy on Bosnia-Herzegovina has always been extremely clear — namely, to help the poor country torn by an atrocious civil war to rediscover the way to peace and also, of course, make sure that the perpetrators — all of them — of crimes during this period be tried by the International War Crimes Tribunal. Of course, it will be necessary to act quickly, but above all it will be necessary that the procedures be followed, that the suspects be brought before this tribunal, and that justice be done.

There can be no peace based on the fact that people are closing their eyes to the atrocious crimes perpetrated during this period.

[Reporter] So, to achieve this, you want IFOR [Implementation Force] to help so that the culprits can be arrested? Does this not mean diverting it from its main task?

[De Charette] Of course, its main task is to be an interposition force, to guarantee that the elections which will be held over the coming months proceed normally, in short, to organize the gradual return to peace. However, I do want to insist that it is also IFOR's task to respond to the demands of the The Hague's International War Tribunal investigators.

France: De Charette Interviewed by PRC Reporters

BR0702160596 (Internet) French Ministry of Foreign Affairs WWW in French 7 Jan 96

[Interview with French Foreign Minister Herve de Charette by unidentified Chinese correspondents in Paris on 6 February, on the occasion of his trip to the PRC]

[FBIS Translated Text] [Correspondent] What role does China have in France's Asia policy?

[De Charette] The French head of state, when he received the French diplomatic corps on 4 January, said he wanted to establish a "lofty Asian policy" in which

China would, naturally, have a key role to play. When I met with French ambassadors in September, I myself stressed the desire of the French Government to make the Asian continent the "new frontier" of its foreign policy. That is why I was eager that China should be my first Asian visit.

Mine is the first official visit by a foreign minister to China for five years. However, there have been an increasing number of French-Chinese diplomatic meetings in recent years, such as the visit of [former] Prime Minister Edouard Balladur in April 1994 and the official visit of President Jiang Zemin in September 1994. I personally met with Deputy Prime Minister and Foreign Minister Mr. Qian Qichen on 11 January 1996, when he was here for President Mitterrand's funeral. Last year there were many technical ministerial visits between France and China, and since May 1995 three members of the government have visited China, including the agriculture minister and the foreign trade minister.

China and France, as permanent members of the UN Security Council, have world responsibilities. Their vocation and role goes beyond just the region of the world they are located in. That is why France wants to join China in a global concertation on all major international topics.

Economic relations between China and France are an absolute priority for our Asian policy and we want to develop our cooperation actively at this level. However, France still has an insufficient presence and we must therefore improve our knowledge of your country. We are looking to develop trade in a balanced way so that France can acquire a position on the Chinese market in line with its position as the world's fourth largest exporter. Our current share of the Chinese market is unusually small and we must both make every effort to change this situation. Certain French companies had major successes in 1995 in diverse areas but especially in the sectors of energy and cars. However, we still have a lot to do and the government is encouraging French companies to set up in China.

[Correspondent] What is the purpose of your mission to China?

[De Charette] I will be in Beijing on 7-9 February. My schedule includes, of course, political meetings and the traditional meeting with the French community. Then I will have a working meeting with Deputy Prime Minister and Economic Affairs Representative Mr. Li Lanqing. To see for myself the real situation in China, I will then visit the regions. On Saturday [10 February] I will be in Xian, where I will visit an aeronautics plant and the foreign language institute which gives French

courses, and then on Sunday I will go to Canton, where I will be received by the provincial authorities.

The primary aim of my visit is to give new impetus to our bilateral relations. This will give us the opportunity to exchange political views and also to develop economic and trading relations between our two countries. France wants to step up its presence on the Chinese market, which looks very promising, and the government will be encouraging French companies, especially SME's and SMI's [small- and medium-sized enterprises and industrial groups] to set up shop in China in greater numbers. That is why I myself asked to be accompanied by a delegation of businessmen. I also intend to raise the issue with my interlocutors of the perspectives for technical cooperation and the development of cooperation between local partners in both countries. As you know, France has the best reputation in the world, not only for the quality of its technical experts, but also for the honesty and openness of technology transfers with its partners.

[Correspondent] What do France and its European partners think about economic development in China?

[De Charette] France greatly admires China's efforts to develop its economic potential. The success China had in 1995 in avoiding the risk of overheating by moderating growth and limiting price rises is quite remarkable. France hopes that the targets set for 1996-2000 (8 to 9 percent annual growth and less than 10 percent inflation) will be just as successful. France is also impressed by the progress made by China at the level of economic liberalization reforms. The financial, banking, and tax reforms all lead the way toward a better integration of China in world trade, and we are prepared to cooperate to help develop them. In the economic development of China, France sees perspectives for establishing a real economic and technological partnership. Lastly, we want to strengthen our cooperation with China in the field of training in government and economic administration techniques.

France fully supports China's application to join the World Trade Organization insofar as what it has to offer, notably in the domain of tariffs, can be accepted. The liberalization measures announced at the APEC [Asia Pacific Economic Cooperation] summit by President Jiang Zemin (the lowering of customs duties) bear witness to China's desire to progress toward a greater respect for the rules of international trade. However, there are certain difficulties that still need to be overcome to conclude the negotiations, such as free access to the Chinese market, developing country status, non-discrimination, government procurement contracts, and trading rights.

[Correspondent] Is France prepared to take its European partners to the "new Asian frontier?"

[De Charette] The EU feels China to be a great partner and enjoys healthy dialogue with it. There are specific cooperation programs between Europe and China, especially in the fields of aid for development and training. In 1985 a framework cooperation agreement was signed and this was recently strengthened by the conclusions of the Council in December 1995. The Europe-Asia Summit, the principle of which was supported by Singapore and the French presidency of the EU and which will be held in Bangkok on 1 and 2 March, proves the desire to develop closer ties and a "new partnership" between Europe and Asia. France is committed to the development of economic cooperation between the EU and China.

[Correspondent] How is the relationship between France and Taiwan developing?

[De Charette] France's position on the Taiwan issue is perfectly well-known and remains unaltered. It was set out in the communique of 12 January 1994. Our relations with China are very important, but that does not prevent us from developing trading and cultural ties with Taiwan, just like the other Western countries.

France: Agriculture Minister on EU Expansion

LD080211/1996 Paris Europe No. 1 Radio in French
0640 GMT 8 Feb 96

[Interview with Philippe Vasseur, French minister of agriculture, fisheries, and food, by correspondent Emmanuel Faux; place and date not given—live or recorded]

[FBIS Translated Excerpt] [passage omitted] [Faux] Well, let us talk about the prospects — for example, the future integration of certain countries of eastern or central Europe, which frightens French farmers. It means a lot of potential competitors.

[Vasseur] Change is always frightening. But when it was a question of Spain joining Europe, there were very strong reactions; and it is true that for fruit and vegetable producers, for example, Spain's entry was quite tough — it came as a shock. For other produce, that has not been the case. We had a trade deficit with Spain in the field of food-processing before Spain's entry into Europe; now we are benefitting from it.

I have also just come back from a tour of the [name indistinct]; I have been to Romania, the Czech Republic, and Hungary, where I noticed that our partners already have a strong presence, and that if France has no presence in those countries, it will be left out. And I saw one thing: first, I saw people who have needs, and we

can contribute to satisfying those needs; and also, I saw people who have a considerable production potential. If those people never join Europe, well, they will go outside Europe to export, probably with the aid of the Americans, and we will find them competing with us on the world markets. I think we have an interest: our own interest lies in us all making a joint effort so that we can have a global vision more appropriate to our interests on the world market.

[Faux] Well, minister, another word on the burning question of the moment: that of the beef market. What do you think about a ban like the one that three German regions have imposed against Great Britain on account of mad cow disease, the virus which decimates herds and whose consequences for humans are unknown?

[Vasseur] Well, we have obligations, health obligations. I think that when one has doubts about the state of a meat, one has every right to carry out health checks, and indeed to prohibit meat imports...

[Faux, interrupting] Yes, to a ban?

[Vasseur] I have to tell you — oh, I don't like the word ban too much. The word ban sounds a bit like warlike. I prefer the word checks, and restrictions, and possibly a rejection of produce which would appear to present problems in the health field. I have to tell you that at the moment, the Agriculture Ministry's veterinary health services are carrying out very strict checks on imported

meat, because we do not want mad cow meat either — as that is how BSE-infected meat is referred to — we don't want mad cows in France. [passage omitted]

**France's Arthuis: Franc-Mark Parity Idea
'Unfounded'**

BR0602152896 Paris LE FIGARO (LE
FIGARO-ECONOMIE Supplement) in French
6 Feb 96 p 1

[Report signed "M.M.": "Paris Refuses Any Fixed Franc-Mark Parity"]

[FBIS Translated Excerpt] Yesterday French Finance Minister Jean Arthuis buried hopes, expressed here and there, of a marriage between the franc and the mark prior to the scheduled date of 1 January 1999. Visiting the Hotel des Monnaies at the Quai Conti in Paris, the minister declared that he considered as "unfounded" the idea of fixing the parities between the two currencies before 1999. This should have the effect of closing a just nascent debate.

With the ability of the major European countries to meet the famous Maastricht criteria in time proving problematic, Ulrich Cartielleri, a member of the board of the Deutsche Bank, the leading German bank, recently recommended that a fixed parity be set between the mark and the franc by surprise. [passage omitted]

Italy: U.S.-German 'Complicity' in Bosnia Reconstruction

BR0702143996 Milan IL GIORNALE in Italian
7 Feb 96 p 15

[Article by Alfredo Pallavisini: "Germany Gets Its Hands on Former Yugoslavia; Italy Excluded From Reconstruction"]

[FBIS Translated Text] Germany is appropriating a large part of the business relating to the post-war reconstruction of the former Yugoslav regions of the newly formed Croatian-Bosnian federation: This huge volume of business is reckoned to be worth some \$5 billion, according to World Bank and IMF estimates, only for the restoration of infrastructures; lines of communication; and electricity, water, and telephone services (the actual reconstruction, the so-called "new Marshall Plan," is expected to entail investments of no less than \$100 billion.) And this, only for Bosnia-Herzegovina, while there are equally large plans for Croatia and to boost the exhausted Serbian economy.

Bonn's domination of these huge investments is the logical consequence of the Croatian-Bosnian federal government's decision to adopt the German mark as the new state's official currency. The duration of this provision has not been determined, but it will not be brief, though it will not last forever, of course. In any case, it was an obligatory decision, being the logical consequence of a de facto situation that has lasted for at least the past five years, that is, since matters in the former Yugoslavia began to deteriorate irremediably and the conflict between the various ethnic groups resulted in the bloodthirsty and interminable war that we have witnessed.

The first result of the outbreak of the conflict was the devastation of the production fabric of the former Yu-

goslavia's constituent republics — the devastation, budgets almost entirely taken up by military requirements and the consequence three-figure inflation rates, and the paralysis of trade prompted local governments to adopt a strong currency as their own for their residual financial activities and for purchases even of essential goods by Sarajevo, Zagreb, and Belgrade.

Even states not directly involved in the conflict, such as Slovenia, chose the German currency as their official currency. This is well known to residents of Friuli-Venezia-Giulia who over the years have had to calculate daily variations in the lira-mark, rather than the lira-taler (the currency of the Slovenian Republic) exchange rate for their purchases of cigarettes and gasoline across the border.

It is difficult to say whether the decision adopted by the provisional government of the Croatian-Bosnian-Serb Federation was due to the objective need to hitch up to a stable and strong European currency, rather than an act of gratitude to the Bonn government for having advocated, in 1991-92, international recognition of the new states (thus ultimately facilitating the outbreak of civil war, many people claim.)

Certainly Germany starts with an advantage in the management of the money and orders to set back in motion the devastated economies of the states that emerged from the dissolution of the former Yugoslavia. Not only, it should be noted, in Bosnia-Herzegovina, but also in Croatia and Serbia. The first result of this "alliance," achieved thanks to U.S. complicity, has been the transfer from Trieste airport at Ronchi dei Legionari to Zagreb of the cargo aircraft traffic carrying logistical aid to the troops of the NATO military contingent. This entails the transfer of business worth \$3.2 billion. Yet again Italy is left empty-handed.

Cyprus: UK Statement on Troop Movements in North Refuted

NC0702174596 Nicosia CYPRUS NEWS AGENCY
in English 1505 GMT 7 Feb 96

[FBIS Transcribed Text] Nicosia, Feb 7 (CNA)—The Cyprus Government refuted today a statement by the British Foreign office that the recent military build-up in the Turkish-occupied part of Cyprus does not indicate a "significant change in the situation" on the island.

Foreign Minister Alekos Mikhailidhis and government spokesman Ioannis Kasoulidhis stressed that the Turkish troops should not be on the territory of the republic anyway.

Both officials dismissed British claims that the Turkish arms build-up was "in response to similar changes in the republic's National Guard."

Turkish troops have been occupying the island's northern third since their invasion in 1974.

"A lawful state has the inalienable right to organize its defences. But this does not mean it gives any reasonable right to the occupation troops to increase theirs. This is a train of thought we cannot follow," the spokesman said.

He said the Turkish troops are in Cyprus in violation of U.N. resolutions and noted that any further increase of Turkish arms would constitute further violation of these resolutions.

The foreign minister told the press after a cabinet meeting the Turkish tanks and armoured personnel carriers, unloaded last Tuesday (6 February) at the occupied port of Famagusta, have strengthened Turkish military might in occupied Cyprus.

"The difference between the Turkish troops build-up and the arms purchases of the National Guard is that the Turkish troops have been violating Cyprus' territorial integrity for the past 22 years," Mikhailidhis said.

Most of the new Turkish tanks arrived in occupied Cyprus on Tuesday night when the Aegean crisis, which brought Greece and Turkey to the brink of war, climaxed. American intervention avoided a military confrontation on the eleventh hour.

The governments of Cyprus and Greece have protested the arrival of more Turkish arms in Cyprus to the United Nations.

Cyprus: Denktas Says 'Way to Liberation Via Turkey'

TA0702130596 Nicosia Bayrak Radio in Turkish
1130 GMT 7 Feb 96

[FBIS Translated Text] President Rauf Denktas has said that the social mobilization carried out by the Turkish Cypriot community from 1963 to 1974 must be carried out again now, but in the economic field. He said that the world refuses to accept that the Turkish Cypriots are after a just cause, adding: The way to our liberation is via Turkey.

Denktas received the new administrative council of the Young Businessmen's Association, headed by Engin Ari. Denktas was briefed on the activities of the association last year, and on its planned activities this year.

In a statement here, Denktas said that these are busy days for Cyprus. He pointed out that during his visits to Cyprus, EU representative Gilles Anouil did not tell the truth to the people, that he misled the people. Denktas stated that when Anouil was told the facts, he got up and left. Denktas said: They want to make Cyprus a member of the EU where Greece is a member but Turkey is not. They want to solve the Cyprus question in this way. Faced with this scenario, the only alternative left to the Turkish Cypriots is cooperation with Turkey without obstacles.

The president pointed out that the Turkish Cypriots want peace and economic prosperity. He explained that peace arrived with the 1974 peace operation, and that the economic difficulties can be overcome through measures to be taken together with Turkey.

Denktas stressed that a unit must be established that will eliminate the bureaucratic obstacles in the country. In this way, he said, investors will be able to make business in a short time.

In his speech, Denktas said that the proposal by Izmir Mayor Orfatura to mutually buy and sell goods must be assessed carefully. If we are thinking of the people and of lowering prices, we must take certain measures. We need help from Turkey.

Concluding his speech, Denktas mentioned the power shortage, and said that a response must be given to the proposal made in this regard as soon as possible. He pointed out that the low quality diesel being used in the power station is destroying that big investment.

Engin Ari, chairman of the Young Businessmen's Association, said that the economic crisis is exacerbating and foreign factors are affecting the economy negatively. He called for urgent measures.

Greece: Reppas Agrees With U.S. View of Islets Issues

NC0702132096 Athens Elliniki Radiofonia Radio Network in Greek 1200 GMT 7 Feb 96

[FBIS Translated Text] Government spokesman Dimitrios Reppas said the government considers the White House view, based on its statement on the legal status of issues concerning the rocky islets and the islet of Imia, to be correct. Answering questions, Reppas said the government has solid arguments. Washington's message is directed at the other side, so the government views it positively.

Reppas said the government remembers the introduction of the 1990 Greek-U.S. defense agreement, which refers to respect for the country's sovereign rights. Finally, Reppas said the Greek Government is studying the White House statement in detail and reiterated that Greece's positions on the continental shelf remain firm.

Greece: U.S. Said Obligated To Ensure Greece's Borders

NC0702182896 Athens ELEVETHEROTIPIA in Greek 7 Feb 96 p 3

[Report by Kira Adham—punctuation as published]

[FBIS Translated Excerpt] The United States is committed under the "Defense and Economic Cooperation Agreement" (DECA) of 1990 between the United States and Greece—which is still in effect—to mutually guard and protect the security, sovereignty, independence and territorial integrity of the respective countries against actions threatening peace.

At the same time, it is committed to respecting the existing international conventions that specifically concern this area.

These U.S. contractual commitments completely contradict the recent State Department statements that the United States adheres to no "legal position" on the rocky islets' sovereignty, adding at the same time that it has "a list of 50 rocky islets" whose control is disputed.

Similarly these commitments contradict the recent statement by U.S. Ambassador Tomas Niles, who after visiting Prime Minister Konstandinos Simitis said that the State Department taken no position on the issue of the control of the rocky islets: "...We have no jurisdiction..."

More specifically:

The preamble to the 1990 Greek-U.S. Mutual Defense Cooperation Agreement (a product of lengthy negotiations headed by Ambassador Khristos Zakharakis under the then PASOK [Panhellenic Socialist Movement] gov-

ernment, which was finally signed in July 1990 by the Mitsotakis government) reports that the two countries (United States and Greece) are mutually committed:

—By the existing international conventions especially those international conventions "which specifically concern this area."

—By bilateral and multilateral arrangements to which both countries are contracting parties. [passage omitted]

In other words the United States is committed to (meaning to adhere to and enforce) the Paris Peace Convention, to which the United States and Greece, among others—but not Turkey—are signatories; and that convention clearly defines the control of Imia. It is not accidental that until the Turks decided to dispute control over these rocky islets, the U.S. Armed Forces and the U.S. Navy (regardless of whether they were wearing a national or a NATO "hat") had fully adhered to the existing regime.

The recent belated U.S. statements about a dispute over the control of the rocky islets have rightly upset the Greek side.

This is even more true when in Paragraph 6 of the Helsinki Final Act is examined. According to it, the borders set at the end of World War II are undisputable. [passage omitted]

So it is not strange for President Clinton to "volunteer" to "impartially" mediate the Greek-Turkish crisis. It is questionable, though, why the U.S. State Department does not keep its commitment to Greece concerning Imia.

Greece: Article on U.S. Obligation to Greece

NC0702174796 Athens ELEVETHEROTIPIA in Greek 7 Feb 96 p 8

[From the "Views" column: "Its Signature"]

[FBIS Translated Text] Bill Clinton's White House discovered just yesterday international law and international agreements. It also discovered that the United States has the elementary obligation to respect its signature and to respond to the obligations arising from its agreements with Greece.

The United States has the obligation to respect and keep the agreements of "defense cooperation," signed with Greece on 8 July, 1990, and to stop its cynical diplomacy on equal distances concerning the issue of the Aegean rocky islets. This equal distances stance incited Tansu Ciller, who threatened with war on every pretext—even the Ionian Sea.

The United States and Greece have committed themselves by their signature to "mutually guard and protect the security, sovereignty, independence, and territorial integrity of their respective countries, against actions which threaten peace, including armed attack or threat of attack."

Turkey has threatened, and continues to threaten, war over the Greek rocky islets and has even landed commandos on small Imia. It threatens Greece's sovereignty and territorial integrity.

The United States should have done earlier what it did yesterday in the White House statement, but instead preferred the cynical diplomatic method of equal distances. Now it talks of arbitrage and appeal to the Hague. Let Turkey make the appeal — Greece's right is undisputable.

The United States and Greece committed by their signatures to respect "International Law, including existing international agreements, which concern the area more

specifically, and their agreement to act according to international conventions."

When it placed its signature on the agreement of "defense cooperation," it was aware of Greece's boundaries, meaning the boundaries of its sovereignty. It knew and recognized them on its official maps.

Besides, the United States signed the Paris 1947 agreement which gave the Dodecanese to Greece, because it fought by the side of the Allies. From that time and until the day before yesterday, nobody raised the issue, not even Turkey as Tansu Ciller confessed.

France and Italy recognized Greek sovereignty on the rocky islets with crystal clear statements. Italy also underlined: "Pacta sunt servanda" (the agreements must be respected).

"Pacta sunt servanda" applies to everyone, including the United States, since it also signed the agreement.

Turkey: Ciller on Territorial Waters, U.S. Role, Greece

TA0702185396 Istanbul SHOW Television in Turkish
2020 GMT 6 Feb 96

[Studio interview with Turkish Prime Minister Tansu Ciller by correspondent Mehmet Ali Birand on the "32d Day" program — live]

[FBIS Translated Text] [Birand] Mrs. Ciller, according to the latest reports, the Greek fleet has been given the order to shoot, particularly in the Aegean Sea and around the Kardak isle. Have we also adopted such an approach in the event that somebody or something tries to enter someplace or undertake something?

[Ciller] Of course. Our stand is very sound. Greece has reached this stage by committing a very big mistake. Kardak isle is 3.6 miles off our shores, is easily seen from Bodrum, and is a place used by our seamen. Suddenly, the Greeks come and hoist a flag at this place, and later soldiers arrive. We ask them to withdraw; they do not. Their reasons for being there are unclear. Later, frigates and ships start arriving. They clearly state that they have orders to shoot if any steps are undertaken and if somebody approaches the rocky isle.

Our stand has been very sound from the beginning. They said that the flag will not be lowered and the soldiers not withdrawn, and that there are orders to shoot if anything happens. I, in turn, displayed the same determination and said: Those soldiers will go; that flag will be lowered. My stand was that clear. We based our scenario on this stand for the next 48 hours. The action we would have undertaken was very clear. We were going to land soldiers on that island, and if necessary, war would have broken out, that flag would have been lowered, and those soldiers would have been removed by force. We gave this message very clearly to our military cadres, that this is the only action that can be undertaken, and all plans were drawn along those lines. We never retracted our stand. What is more interesting, however, is what Clinton, Christopher, and Holbrooke, with all of whom I personally conversed numerous times, told me: There is a difficult situation here. The Balkan War started in this way. Turkey will have to face the forces of the United States, NATO, the United Nations, and the EU if anybody goes to that island, if Turkey lands soldiers on that islet, and even if only one civilian lands on that island on a civilian boat.

[Birand] Were you not affected by this stand whereby you were faced with the United States and NATO?

[Ciller] I asked them whether or not we have any rights on that isle and whether the Kardak isle belongs to Greece — and there is no proof to that effect.

[Birand] Did the Americans tell you that there is no proof to that effect?

[Ciller] No. Our authorities told me that there is no question of proof that this isle belongs to Greece. There is no such thing. Under these conditions, we claim our rights and call for them to hold talks. We ask them to put forward any arguments they have and say that we, in turn, will put forward our arguments. We tell them that we are ready to conduct talks. They, however, refuse us. I repeatedly ask whether the Greeks have a right to be on that isle. The answer I get is negative. I ask once again whether or not they have a right to be on that isle.

Turkey always protects its rights, even if the issue under question is pebbles. This is an issue of defending our rights. My stand was very clear. I was told numerous times and approached numerous times to the effect that those soldiers will have to go and the flag will have to be lowered. I think that they found themselves in a difficult position since this was the only message I gave and I started to give a timetable. I told them that they had two hours left, one hour and 45 minutes left, and then one and one half hours left.

[Birand] By that time, you knew that our commandos had gone into action to hoist our flag there.

[Ciller] Of course I knew, but I did not tell them anything. I did not tell them anything. I only reminded them of the passing time and of the time I gave them. They, in turn, were putting on the pressure, saying that nothing should erupt and that not even one soldier should come near the island. They told me that not even one civilian should go to the isle.

[Birand] You were told, then, that you would have to face the United States, NATO, the United Nations, and the EU even if one civilian goes there.

[Ciller] Yes. I was told that not only would I have to face the Greeks, who would open fire, but also the United States, NATO, the United Nations, and the EU. Nevertheless, my stand was the right stand. We gave only one message: Those soldiers will have to go; that flag will have to be lowered. We gave no other messages, and in addition, I continually informed them of the passing time. I believe that our determination played a very important role in that issue.

[Birand] There are press reports that you had not told anybody that the commandos would land on the isle to hoist the Turkish flag; that you had not even told the president.

[Ciller] I held my last conversation with the president at 2100. The honorable president was naturally aware of the incident and its details. He told us to settle

this matter without any bloodshed. The most important issue, along those lines, is that nobody has a right to renounce one pebble of Turkey. This is the most important issue, and I had earlier told Mr. Clinton that Greece's extending its territorial waters to 12 miles is a cause for war. The first time I made this statement, all the leaders were startled, because I made this statement in a very composed, mild, and determined way. I was talking so softly that they, at first, did not get the meaning of my statement. There was a flurry of excitement when I repeated my statement.

[Birand] What will be Turkey's stand if Greece extends its territorial waters to 9-10 miles in the Adriatic Sea, not on the Aegean Sea?

[Ciller] We consider Greece's extending its territorial waters to 12 miles as a cause for war. We reject any de facto situation and consider it a cause for war.

[Birand] You mean anywhere in the Aegean.

[Ciller] All these issues have to be discussed with us.

[Birand] You mean anywhere in the Aegean.

[Ciller] We would consider any steps taken to extend the territorial waters to 12 miles or beyond 6 miles, or a de facto situation created without our knowledge, to be a cause for war. Any initiative undertaken without our knowledge whereby territorial waters are extended beyond the 6-mile limit is a cause for war.

[Birand] Is the Adriatic Sea included in this?

[Ciller] What we are saying is as follows: There is an international area. This international area is Turkey's vital area. Along these lines, Turkey cannot accept a de facto situation whereby it will have to ask Greece's permission to go from one island to another or from one city to another. This does not mean that Turkey seeks war. We are in favor of peace and really want peace with Greece; however, Turkey's being subject to Greek permission to go from one place to another will be like choking Turkey and destroying Turkey's freedom of movement. This is something that we cannot accept. Actually, this is an issue that will disturb all our other neighbors who are in the same situation as us. Our problem does not involve turning these waters into Turkish waters, but having these waters open to us, as they are to everybody, without being subject to permission. We are against a situation whereby we are prevented from going from one place to another place, which is owned by us.

[Birand] Did you ever consider, during the crisis or in its aftermath, taking a plane to Greece and discussing this issue with the new Greek prime minister? Did such

a thought cross your mind? Could you have taken such a step, and why did you not take such a step?

[Ciller] Actually, Prime Minister Simitis was the founder of a new government which could have enabled us to hold a joint discussion on this issue. This was truly a good opportunity both for Turkey and for Greece.

[Birand] Was this opportunity missed?

[Ciller] I hope that it was not missed; however, nothing can be achieved through such undertakings. Now listen: You will land on an isle, easily seen from Bodrum, without any reason whatsoever and hoist a flag and then say that this flag will not be lowered. You will then land soldiers on that isle, surround it with your naval forces, and say that any action undertaken there is a cause for war. It is impossible for Turkey to remain a mere spectator to this situation. Turkey does not seek a war with Greece; however, the Aegean is an entity. Cyprus should also be included in that entity, and we should conduct talks on these issues. Greece has a problem with providing evidence regarding this issue. Now, they say that the Kardak isle was put under the sovereignty of Greece in the 1912-1913 and the 1932 agreements. These agreements, however, were not ratified by the United Nations, were never published in the OFFICIAL GAZETTE, and were never endorsed by the parliament. There is such a gap. It was also said that the isle was given to Greece in 1947, even though the issue is not clear according to international law. Greece is faced with a serious difficulty in proving that the Kardak isle belongs to them. We called them to the negotiation table in the 1950's in a bid to hold discussions on the Aegean issue. They, in turn, called on us to hold discussions and then suspended them. Turkey has made a brand new suggestion and has for the first time voiced it on a platform of such international dimensions. We say: There are hundreds of such rocks and tens of isles in the whole of the Aegean Sea. The status of all these places should be determined. If Greece has any claims to these places, then it has to prove that they belong to them because we say that they do not belong to Greece. This is a very clear situation. We explained all this at all the international platforms and with all the concerned countries and organizations. We told them that such incidents can bring war to the world because it is not only Greece that we are faced with. I am sure that Greece was also told that such incidents can adversely affect Greece. This issue has to be handled in its entirety. The whole of the Aegean issue should be discussed, because there are also territorial waters.

[Birand] You are saying that there is no other way out but to hold discussions.

[Ciller] Multifaceted discussions should be held on issues such as the territorial waters, division along the lines of NATO defense agreement, and [word indistinct] agreement.

[Birand] Who gave the order to withdraw the soldiers, you or Mr. Baykal?

[Ciller] The work was conducted in an atmosphere of very good support. The Office of the General Staff, the Foreign Ministry, and the Office of the Prime Minister conducted work with very good support, and I think the nation can be proud of this. Our stand was very clear from the beginning, that the issue will not be settled before the soldiers are removed from the isle and the ships withdrawn. We did not budge in our stand, even though we were told: Let us go, but let our flag remain, and you can later remove it.

Turkey: U.S. Initiatives on Aegean, Cyprus Viewed
NCD702170996 *Istanbul ZAMAN in Turkish*
6 Feb 96 pp 1, 10

[From the "Agenda" column by Fehmi Koru: "While Waiting..." — punctuation as published]

[FBIS Translated Text] Nicosia — The Cypriot people always seem to be waiting for something to happen. The Turkish and Greek Cypriots are now waiting for Assistant Secretary of State Richard Holbrooke, who will visit the region next week. Greek Cypriot leader Glavkos Kliridhis made several statements to the media organs last weekend. He tried to remove his community's fear that it may be faced with a fait accompli...

The U.S. approach on the Kardak crisis in the Aegean has indicated that it will act as a mediator in the region, as it did on the Palestinian problem and the crisis in Bosnia. Richard Holbrooke called Athens and Ankara nine times in a single night during the Kardak crisis. He informed the officials that they "will be held responsible if the borders of the two countries are violated." It seems that his unequivocal remarks allowed for the lowering of the Turkish and Greek flags on the Kardak islets.

Well, can a similar approach be effective on the Cyprus problem?

Replying to the question in Turkey seemed to be easy. However, the officials who visit Cyprus to hold talks with the two sides will quickly realize the depth of the problem and agree that a quick solution cannot be found. As far as the Turkish Cypriots are concerned, the present situation has "resolved" the Cyprus problem... Their problems were resolved and the Greek Cypriot acts of genocide were obstructed when Turkey intervened in 1974. The 20 years that passed since the intervention

have outlined the Turkish Cypriot side's negotiation limits. It cannot agree to retreat from the present bizonal structure...

That point has been questioned by various politicians and circles concerned with the Cyprus problem, who believe that Cyprus' accession to the EU is a positive development from which the northern part of the island should also benefit. However, they are a small and noninfluential group... TRNC [Turkish Republic of Northern Cyprus] President Rauf Denktas is the person who draws up the agenda in north Cyprus. He has strongly opposed every proposal that aimed to change the de facto situation in the north. Obviously, he will continue to be effective during the critical process that will take place in the near future...

As far as Turkey and the TRNC are concerned, the Kardak crisis — regardless of how or why it was created — has indicated that Cyprus is not the only problem that has to be resolved. It has indicated that the lack of confidence between Turkey and Greece has caused many problems in the region... It seems that even the small islets in the Aegean Sea may be regarded as a "cause for war." So, the serious nature of the 12-mile territorial waters issue and the Cyprus problem can be better understood in this context...

We are convinced that the United States and Richard Holbrooke, who seems to have linked the future of his career to the Cyprus problem, will not take up the Cyprus problem first. They will either have to draw up a package on all aspects of bilateral relations between Turkey and Greece or abandon their effort...

The Cypriots are confident that they will not make concessions on their security and peace for any reason, not even for supporting a U.S. diplomat's search for a career...

Turkey: CIA Report Sees 'Danger' for Turkish Democracy

NCD702163796 *Istanbul YENI GUNAYDIN*
in Turkish 3 Feb 96 p 7

[FBIS Translated Text] Announcing that "the poorest democracies are those most susceptible to chaos," the American Central Intelligence Agency, the CIA, indicated that it also sees "danger" for Turkish democracy.

A report was prepared by the CIA for U.S. Vice President Al Gore and its main points were published in U.S. NEWS AND WORLD REPORT. It indicates that "the poor democracies are less stable than the rich ones."

The report groups Turkey in the same category with Pakistan, Mali, Haiti, Brazil, Bolivia, Bangladesh, and

Armenia in listing countries where democracy is considered to be under threat.

Indicating that "a high child mortality rate" is the primary sign of danger, the report argues that "democracy is gaining stability in those countries whose laws and legislation are conducive to the development of international trade."

Commensurate to Economy

The report indicates that in preparing the report, CIA experts took into account 113 regime changes between 1955-1994 and applied a list of 600 criteria to these changes.

In another report prepared last month, the CIA touched upon the intensifying Turkish-Russian oil pipeline competition, and noted that Moscow is exerting enormous effort to kill the Baku-Ceyhan pipeline project.

Turkey Should Be Supported

The CIA had also issued a detailed sketch of the alternative oil pipelines proposed by Russia to appease the West and the United States.

At the same time, in reports published by the FOREIGN REPORT and other think tanks, from which the White House benefits, it was stressed that in terms of its neighbors, Turkey faces the greatest threat. Indicating that the U.S. Administration should support Ankara in every field, the reports argue that otherwise Turkey, which is an important ally, might come under the influence of these forces and thus harm U.S. interests.

Turkey: Article Summarizes Position on Water Issue

NC0702194796 Ankara *TURKISH DAILY NEWS*
in English 6 Feb 96

[Received via Internet]

[FBIS Transcribed Text] Ankara — As Syria continues its search for Arab backing for its water dispute with Turkey, Ankara's "technical approach toward water" has received support from Jordan.

"While in Ankara, the Jordanian Crown Prince Hasan has discussed with President Suleyman Demirel the general water question in the region," Foreign Ministry spokesman Omer Akbel said on Monday (5 February).

"He said that technical studies must be made in the whole region. This, as you know, is the crux of our attitude on water. We also advocate the same technical approach to our water question," Akbel said.

Ankara is urging its two downstream neighbors, Iraq and Syria, to negotiate on a three-staged plan which

proposes "a technical approach" to the water question by formulating water and land inventories for the three countries, then comparing them for optimal use of water resources.

The Syrian Government has already sent a memorandum to the [Arab] league asking for the dispute over the sharing of the waters of the River Euphrates to be discussed at its ministerial council, due to meet in Cairo on March 13, Arab League sources told REUTERS.

Similarly, senior officials from Syria and Iraq will meet in Damascus next Saturday. Diplomats said the meeting between the long-time Arab foes, who severed diplomatic ties in 1980, constituted a sign of improvement in relations. This will provide a forum for the two countries to coordinate their water policies.

Turkish officials expressed scepticism about the outcome of such a meeting, saying that the two countries do not exactly have a common position, although both sides reject Turkey's three-staged plan for solving the water problem between the three countries.

"Turkey's three-staged plan considers the water transfer opportunity from the Tigris to the Euphrates. It is the Iraqis who oppose this," a Turkish diplomat said. Iraq, basing its argument on its "ancestral rights" over the Tigris, refuses the water transfer.

Iraq has both the Tigris and Euphrates flowing through its territory, while Syria only has the Euphrates.

Ankara has also said, following an Iraqi demarche claiming that the water coming downstream to Iraq was polluted, that it was faulty irrigation techniques by Syria that caused the pollution to Iraq's water.

The Turkish diplomat also maintained that there was a joint technical group between Turkey, Syria and Iraq to debate the water question. "If there is to be a meeting, this is the right framework," he said.

Ankara last month warned the Arab countries against "appearing as if they are forming an anti-Turkish bloc." Turkish diplomats also brushed aside the claim made by Egypt and six Gulf Arab states — in the form of a "Damascus Declaration" — that Turkey built dams on the Euphrates without consulting Syria and Iraq.

Syrian protests have increased since November, when Ankara announced a finance agreement for a fourth dam on the Euphrates, designed to produce power and irrigation water for southeastern Turkey.

German, Belgian, French and Austrian firms are part of an international consortium financing the new Birecik Dam and power plant costing \$1.62 billion.

Ankara maintains that both Baghdad and Damascus have been informed of the Bircik Dam, and even protested the plan for its construction in 1993.

Syria is calling for the signing of a permanent water-sharing agreement with Turkey to replace a provisional accord requiring Turkey to allow the flow of 500 cubic meters of water to Syria per second.

But Turkey, which accuses Syria of backing the Kurdistan Workers' Party (PKK), has been cool about the Syrian demand.

Spokesman Akbel repeated on Monday that Syria still has not replied to the Turkish request for information regarding six truck-loads of arms seized by Turkey last month on their way from Iran to Lebanon via Syria. Turkish Interior Minister Teoman Uzun said that the arms-laden trucks demonstrated beyond doubt the support given to the PKK and other terrorist groups by Syria, but did not elaborate further.

Turkey: Pipeline Ready; Waiting for Iraq-UN Agreement

JN0802123596 Baghdad INA in English
1215 GMT 8 Feb 96

[FBIS Transcribed Text] Ankara, Feb 8, INA — Deputy chairman of the Turkish Oil Pipeline Company Ashek Oglou confirmed that the Iraqi-Turkish oil pipe is ready to pump the oil as soon as Iraq and the UN reach an agreement to export the Iraqi oil.

In a statement to INA correspondent here, he said that the Turkish Oil Pipeline Company has intensive negotiations with the Iraqi North Oil Company and they are ready to work together.

He added that the Iraqi-Turkish oil pipe in the Iraqi and Turkish territories is ready to work.

He said that his company has fulfilled a comprehensive maintenance to all the electric and electronic equipments related to the pipes on three stages during the 1993-1994-1995 years.

Turkey: Concern for Human Rights in Sivas Reported

TA0802094896 Ankara TRT Television Network
in Turkish 1800 GMT 7 Feb 96

[FBIS Translated Text] Atilla Sav, deputy secretary general of the Republican People's Party (CHP), has declared that wrong behavior that resulted in the ill treatment and harassment of the people was observed during operations conducted against the terrorist organizations in Sivas' Divrigi, Ulas, Hafik, Imranli, and Zara Districts and in Erzurum's Kemah and Yilic Districts.

In a news conference in Ankara, Sav said that one of the main duties of the state is to fight terrorism, but the local population must be protected and human rights observed during the course of this struggle.

[Begin Sav recording] The security forces can naturally conduct an investigation, but proper procedures must be observed and human rights must not be violated during investigations. This is one of the growing complaints raised by the local population. [end recording]

Sav charged that the principle that a person is innocent until proven guilty by the court has been ignored. The CHP noted that a report prepared in connection with these developments was submitted to the interior minister and that a meeting was held with the governor of Sivas.

Turkey: Ciller Ready To Work With ANAP in Opposition

TA0802125396 Istanbul SHOW Television in Turkish
2020 GMT 6 Feb 96

[Interview with Turkish Prime Minister Tansu Ciller, at the prime minister's residence in Ankara, and Motherland Party leader Mesut Yilmaz, by satellite from an unidentified location, by anchorman Mehmet Ali Birand on the "32d Day" program — live]

[FBIS Translated Excerpt] [passage omitted] [Yilmaz] If the Turkish public really wants both parties — the True Path Party (DYP) and the Motherland Party (ANAP) — to come together, if our deputies want this, and if this cooperation fails only because of Mrs. Ciller's obsession about holding on to her position, then the deputies of both ANAP and the DYP have the right to violate party discipline and act on an individual basis. If the public wish is being blocked only on the basis of the conflict between the leaders, then this is the duty of the deputies vis-a-vis the nation. [passage omitted]

The day after the elections, I submitted a proposal to Democratic Left Party (DSP) leader Bulent Ecevit. I said: If Mrs. Ciller should accept this, would you assume the role of prime minister within a tripartite coalition? After receiving his approval, I conveyed the proposal to Mrs. Ciller, who immediately rejected it. Now, justifiably, Mr. Ecevit believes that Mrs. Ciller will not accept such a proposal at this stage. Mrs. Ciller, of course, can express her own views on the matter, but I am clearly stating that there will be no reason for ANAP and the DYP not to cooperate should she accept the premiership of a third person.

[Birand] I would like to address myself to the prime minister. There is a concrete proposal. Mr. Ecevit reportedly said that he would make such a proposal if he

is assigned the task of forming the government. Would you accept such a proposal: a tripartite coalition under the premiership of Mr. Ecevit?

[Ciller] [passage omitted] With regard to the premiership of a third person, I want to say that if ANAYOL [acronym meaning main path, based on a combination of elements in DYP and ANAP] is to be established, it must be in the form of cooperation between the DYP and ANAP. We have not been authorized to do anything else. We have experienced this in the recent past. The possibility of third persons was mentioned. When our parties went to the people and asked for their vote, we said we want to work for the country despite all the problems, asked them to vote for us and not the Welfare Party [RP], and promised to block an RP government. Despite all the opposition, the DYP emerged from the elections without being shaken.

If ANAYOL is to be established, it must be realized under the leaderships of the DYP and ANAP, because it means cooperation between the two parties. The grass roots of neither party would accept a government under the leadership of Mr. Ecevit.

[Birand] Can there not be a tripartite coalition?

[Ciller] That would not be ANAYOL. There is one simple possibility. We can come together in opposition with Mr. Yilmaz. This is also a formula. He is opposed to my premiership, but I cannot detach myself from my party. This is my responsibility. Just as it is the responsibility of the head of government not to concede territory, this is the responsibility of the party leader. In that case, both the DYP and ANAP can take part in the opposition. We can reach conciliation in opposition. If Mr. Ecevit is assigned the task of forming the government, then Mr. Ecevit and Republican People's Party leader Deniz Baykal can establish a government, and we can accord them outside support. The two parties can give them outside support. That is a better solution, because it eliminates the argument that ANAYOL is being established under the leadership of Ecevit, an outcome that would not be acceptable to the grass roots of either party.

[Birand] Can I conclude that there is no possibility of a three-way coalition among the DYP, DSP, and ANAP under the premiership of Ecevit?

[Ciller] There is no such possibility. [passage omitted]

[Birand] The aim in politics is to come to power. Now, everyone is eager to remain in the opposition. Mr. Baykal and Mr. Ecevit expressed the desire to remain in the opposition, and now you say that ANAP and the DYP should join forces in the opposition. Is this the end of ANAYOL? The public is weary of these discussions.

[Ciller] I believe that ANAYOL is necessary for Turkey. I claimed this on the first day after the elections. I declared that the solution rests with ANAYOL. Now, Mesut Yilmaz says that he will not establish ANAYOL because he does not want to be with Ciller. If he is seeking another majority, and since nothing can be achieved without the DYP's support, that means that he is looking for a justification for cooperation with the RP. This is my impression.

[Birand] Let us immediately ask Mr. Yilmaz. Are you seeking an excuse for coalition with the RP?

[Yilmaz] If our party had been eager to establish a coalition government with the RP, the task of forming a government would not have reached Mrs. Ciller. RP leader Necmettin Erbakan submitted an extremely constructive and conciliatory proposal to us. We would have accepted it, received maximum concessions, and established the government. The fact that I am still insisting on cooperation between ANAP and the DYP, despite all the efforts exerted by Mrs. Ciller in order to hold on to her seat, demonstrates that the prime minister's remarks are not correct.

The prime minister announced that she is ready to be in the opposition. During her first meeting with me after the elections, Mrs. Ciller suggested that I establish a minority government with the DSP and that she would give us outside support. If she were to announce that she accepts this proposal, the government crisis would end. I would reach an agreement with Mr. Ecevit tomorrow and establish a minority government. Alternatively, let her announce that she will support a minority government to be established by ANAP; in other words, let her prove that she is sincere about going into opposition. If she does this, the government crisis will end tonight.

[Birand] I ask the prime minister: What is your reaction to these proposals?

[Ciller] I repeat: There is a struggle. Mr. Yilmaz is accusing me of fighting to hold on to the seat of prime minister. Naturally, we came before the nation with the aim of assuming power. Naturally, I have great ambitions for Turkey. I believe that we can carry Turkey to great heights, and I am full of enthusiasm. The DYP and ANAP can establish ANAYOL on the basis of mutual respect between the two leaders and within the framework of a process of rules and institutions. If Mr. Yilmaz does not want me or the RP, then I am proposing an alternative. Let us not go through this process with one of us in power and the other in the opposition. Let us cooperate in the opposition. Such cooperation would pave the way to ANAYOL. We could support a government between Baykal and Ecevit. This is a

process that would bring us closer together. In other words, I do not insist on the post of prime minister. [passage omitted]

Turkey's Demirel: Regulations Functioning; Be Patient

TA0702200396 Ankara TRT Television Network
in Turkish 1800 GMT 7 Feb 96

[FBIS Translated Excerpt] President Suleyman Demirel has said that there is no regime deadlock in Turkey and that a government will emerge within the framework of regulations from the parliament, which was elected through the free will of the people. Demirel noted: The people will elect one more parliament if a government cannot be formed from within this parliament, which was elected by the people. Demirel received the members of the newly elected administrative council of the Ankara Industrialists and Businessmen's Organization at the Cankaya Mansion. The delegation was headed by Cengiz Bozbeyoglu.

Commenting on the subject of the work conducted to form a government during his address, Demirel stressed the importance of democratic procedures in forming and changing a government. Explaining that there have been a great many ups and downs since the launching of the multiparty political system in Turkey, Demirel continued: We would have achieved more progress if there were not these ups and downs.

[Begin Demirel recording] Regulations are functioning in Turkey. The citizens, however, will say after a certain time that the functioning of regulations is not enough and that they are looking for solutions. The citizens would be right in their claims; however, this cannot be on account of a denial of the existence of regulations. We should start worrying when a deadlock is reached in terms of the functioning of regulations. There is no deadlock in regulations since elections were recently held. Our starting point is that governments are supported by the consent of the people in this country. This is the most important factor, and once we have secured this support we can achieve industrialization and all the rest. Governments should be supported by the people's consent. In other words, this is the national sovereignty principle for which great Ataturk was ready to sacrifice his life. Free elections are the only way the people can express their will and consent. [end recording]

Demirel said Turkey is in a position where it can be proud of itself and that 85 percent of the people have cast their ballots, despite the harsh winter conditions, in order to elect a parliament.

[Begin Demirel recording] Everything is proceeding according to regulations. Nobody can say that all the options are not being given a chance. First, you have to show a little patience. Second, the regime itself has a way of overcoming a regime deadlock. There is no regime deadlock, and there cannot be a regime deadlock. The people will elect another parliament in the event that a government cannot be formed from within the parliament elected by the people, and this process will continue until the parliament elected by the people can form a government. I call on all of you to be patient. We have nothing to worry about in the future once these regulations work. Turkey does not need a savior, nor does it need to be saved. The Turkish democracy is functioning with all its regulations. We have to safeguard this because it is a great richness. [end recording] [passage omitted]

While later receiving a Turkish-American Businessmen's Association delegation, Demirel pointed out that Turkey and the United States are two friendly countries that have no political problems between them. Demirel added, however, that in this day and age, friendly relations are not enough for trade. Explaining that Turkey's importance is continually increasing in view of the dissolution of the Soviet Union, Demirel said that this possibility should be exploited in all areas.

Turkey: Yilmaz Meets With Party Leaders

NC0702193596 Ankara TURKISH DAILY NEWS
in English 7 Feb 96

[Received via Internet]

[FBIS Transcribed Text] Ankara — Motherland Party (ANAP) leader Mesut Yilmaz on Tuesday [6 February] started his search for partners in the government he hopes to set up, but drew advice from the two-left wing parties that he should return to his own side of the spectrum and revive failed efforts for a partnership with caretaker Prime Minister Tansu Ciller's True Path Party (DYP).

The leaders of the Republican People's Party (CHP) and Democratic Left Party (DSP) also distanced themselves from a deal ANAP is contemplating with the Islamist Welfare Party (RP) as a last resort.

CHP leader Deniz Baykal told reporters after meeting with Yilmaz that the ANAP leader had sought his party's support for an ANAP-RP coalition, which he said he had categorically rejected.

"We are not for any model that includes the RP and it is out of question for us to lend direct or indirect support to such a coalition. I have said this openly to Yilmaz," Baykal said.

Baykal described the hour-long meeting as a "very useful mental exercise," reporting that Yilmaz was weighing up the alternative partnerships with the DYP and the RP but remained committed to neither at this stage.

Dismissing the formulas based on minority governments as carrying the seeds of instability, he said Yilmaz had to make up with Ciller to revive a center-right partnership, which, he said, was the only viable alternative after the inconclusive Dec. 24 election. He exhorted the ANAP and DYP leaders to find a way to overcome the deadlock that barred the way to a deal.

The insistence of both leaders on taking the first turn at the proposed rotational premiership or minority government formulas has prevented the realization of the DYP-ANAP coalition, popularly dubbed "Motherpath" [ANAYOL] and long sought-after by businessmen and a secularist media uncomfortable with the Islamist outlook of the RP.

DSP leader Bulent Ecevit, whom Yilmaz met after Baykal, also called on the two center-right parties to overcome their differences and set up a partnership "for the good of the country." He also ruled out his party's support for an ANAP-RP partnership, but said he had not found Yilmaz particularly eager for it either, although the ANAP leader seemed to want to preserve it as an option.

Asked if he would agree to leading a DYP-ANAP coalition to solve the dispute, Ecevit said he would take the matter to his party's competent bodies if both sides explicitly requested it.

But a breakthrough is not seen likely although Yilmaz is scheduled to meet with Ciller today. Political analysts, pointing to the strong language the leaders have started to use against each other after a post-election truce, see the ambitions of the two leaders as not easily reconcilable.

After Ciller, the ANAP leader will complete his round of talks with Islamist leader Necmettin Erbakan, who unsuccessfully sought to coax ANAP into partnership when he was assigned to form the government last month after his party emerged as the biggest party from the inconclusive poll.

Erbakan has made clear, however, that his right to lead a coalition with ANAP was non-negotiable, causing second thoughts for Yilmaz about the wisdom of clinching the partnership.

Turkey: DYP Reasserts Party Unity, Support for Ciller

*TA0802091896 Ankara TRT Television Network
in Turkish 1800 GMT 7 Feb 96*

[FBIS Translated Text] The True Path Party [DYP] assembly group has reasserted its full loyalty to the party's mission, its leader, as well as its statute, program, and principles. DYP whip Nevzat Ercan held a news conference today together with other party whips Yalim Erez and Saffet Arikan Beduk and announced the decisions adopted by the DYP assembly group during its meeting today.

Ercan pointed out that deliberate attacks have recently been directed against the unity of the party. Ercan noted that certain media organs, which have made a habit of attacking the DYP or have been assigned the task of making such attacks, have been issuing false reports under the influence of this negative assignment. Ercan said: Unfortunately, the leader of the Motherland Party has not refrained from admitting in public that he is not only involved in this attack and scheme but is actually the leading element in this matter.

[Begin Ercan recording] The DYP assembly group has discussed and assessed all aspects of this situation. With great faith and fervor, the entire DYP group has reasserted that it is loyal to the party's mission, its leader, as well as to its statute, program, and principles, and that all its 135 deputies are in unity and solidarity. The DYP assembly group has also unanimously endorsed the authority granted to the party leader by the DYP General Administrative Council, the authorized organ of the party, with regard to the work on the establishment of a government. As the public is well aware, in line with democratic rules and procedure, this authority includes the requirement that our party leader be the prime minister in a coalition to be formed by the DYP. [end recording]

Replying to questions, Ercan remarked that the premiership of a third person would run contrary to democratic rules, procedure, and party regulations. The DYP assembly group has therefore unanimously rejected such an option, Ercan added.

Turkey: Ecevit Reiterates 3 'ANAYOL Options'

*TA0802093396 Ankara TRT Television Network
in Turkish 1800 GMT 7 Feb 96*

[FBIS Translated Text] Democratic Left Party [DSP] leader Bulent Ecevit has declared that the option of early elections may be raised unless a new and realistic government model emerges. Addressing the DSP assembly group meeting, Ecevit noted that early elections under

the current conditions will not yield a different parliamentary composition. Regardless of the conditions, however, the Welfare Party and the DSP will emerge stronger from the elections, Ecevit remarked.

[Begin Ecevit recording] Turkey was dragged into the untimely and unnecessary 24 December elections because of the mutually obstinate attitudes of the True Path Party [DYP] and the Motherland Party [ANAP]. Now, the stubborn attitudes of the same two parties may again drag Turkey into untimely and unnecessary elections. These two parties will bear the responsibility for such an outcome, and our nation will make them pay the price. Naturally, the nation itself will also experience serious difficulties in this regard. In my view, the DYP and ANAP are obliged to exert a final effort to reach conciliation. [end recording]

Pointing out that no party has the right to violate the rights of the nation or cause problems for the

people, Ecevit asked that both party officials reassess the three alternatives for ANAYOL [acronym meaning main path, based on combination of elements in ANAP and DYP] one more time. Ecevit explained that the three ANAYOL options of a rotational premiership, equal powers for the prime minister and the deputy prime minister, or rotational minority governments must be discussed once again. Otherwise, Ecevit charged, the leaders of the two parties will be responsible for the consequences.

Ecevit said that the formula of outside support from center-right parties for a coalition among leftist parties is not a viable option. This could completely erode the leftist parties, he remarked.

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